

# **TOWN OF FOSTER RHODE ISLAND**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR  
ENDED JUNE 30, 2013**

# **TOWN OF FOSTER, RHODE ISLAND**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ending June 30, 2013**

Prepared by: Town Finance Department  
Kelli M. Russ, Treasurer/Finance Director

## **INTRODUCTORY SECTION**

**THIS SECTION CONTAINS THE FOLLOWING:**

*Table of Contents*

*Letter of Transmittal*

*Certificate of Achievement for  
Excellence in Financial Reporting*

*List of Town Officials*

*Town of Foster Organizational Chart*

**TOWN OF FOSTER, RHODE ISLAND**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*For the Fiscal Year Ended June 30, 2013*

*Table of Contents*

**I. INTRODUCTORY SECTION**

<b><i>LETTER OF TRANSMITTAL</i></b> .....	i
<b><i>CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING</i></b> .....	xi
<b><i>LIST OF TOWN OFFICIALS</i></b> .....	xii
<b><i>TOWN OF FOSTER ORGANIZATIONAL CHART</i></b> .....	xiii

**II. FINANCIAL SECTION**

<b><i>INDEPENDENT AUDITORS' REPORT</i></b> .....	1
--	---

***REQUIRED SUPPLEMENTARY INFORMATION:***

<b><i>Management's Discussion and Analysis</i></b> .....	4
--	---

***BASIC FINANCIAL STATEMENTS***

***Government-Wide Financial Statements:***

Statement of Net Position .....	15
Statement of Activities.....	16

***Fund Financial Statements:***

Balance Sheet – Governmental Funds .....	17
Reconciliation of the Governmental Funds Balance Sheet to the Government–Wide Statement of Net Position .....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to Government-Wide Statement of Activities .....	21
Statement of Fiduciary Net Position – Fiduciary Funds.....	22
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	23

<i>Notes to Basic Financial Statements</i> .....	24
--	----

***REQUIRED SUPPLEMENTARY INFORMATION (RSI)***

Schedule of Revenue and Expenditures – Budget and Actual – General Fund.....	51
Schedule of Revenues and Expenditures and Changes in Fund Balance – Budget and Actual – School Unrestricted Fund.....	56
Pension Plans and Other Post-Employment Benefits Plan - Schedule of Funding Progress.....	57
Notes to Required Supplementary Information.....	58

**TOWN OF FOSTER, RHODE ISLAND**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*For the Fiscal Year Ended June 30, 2013*

*Table of Contents*

**OTHER SUPPLEMENTARY INFORMATION**

Combining Balance Sheet – Nonmajor Governmental Funds .....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	63
Combining Balance Sheet – Town Special Revenue Funds.....	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Town Special Revenue Funds .....	66
Combining Balance Sheet – School Special Revenue Funds .....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – School Special Revenue Funds .....	70
Combining Statement of Net Position – Agency Funds .....	72
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	73
Tax Collector’s Annual Report .....	74

**III. STATISTICAL SECTION**

Net Position by Component – Last Ten Fiscal Years – Unaudited.....	75
Changes in Net Position – Last Ten Fiscal Years – Unaudited.....	76
Fund Balance – Governmental Funds – Last Ten Fiscal Years –Unaudited.....	77
Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years – Unaudited.....	78
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years – Unaudited .....	79
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years – Unaudited.....	80
Principal Property Tax Payers – Current Year and Nine Years Ago – Unaudited.....	81
Property Tax Levies and Collections – Last Ten Fiscal Years – Unaudited.....	82
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years – Unaudited .....	83
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years – Unaudited.....	84
Direct and Overlapping Governmental Activities Debt – Unaudited .....	85
Legal Debt Margin Information – Last Ten Fiscal Years – Unaudited .....	86
Pledged Revenue Coverage – Last Ten Fiscal Years – Unaudited .....	87
Demographic and Economic Statistics – Last Ten Fiscal Years – Unaudited .....	88
Principal Employers – Current Year and Nine Years Ago – Unaudited.....	89
Full-Time Equivalent Town Government Employees by Function/Program – Last Ten Fiscal Years – Unaudited .....	90
Operating Indicators by Function/Program – Last Ten Fiscal Years – Unaudited.....	91
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years – Unaudited.....	92

<i>Report on the Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....</i>	93
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*Town of Foster*  
*Est. 1781*

# TOWN OF FOSTER RHODE ISLAND

KELLI M. RUSS  
TREASURER/FINANCE DIRECTOR

December 27, 2013

To the Honorable President and  
Members of the Town Council  
Foster, Rhode Island

The Comprehensive Annual Financial Report of the Town of Foster, for the fiscal year ended June 30, 2013 is hereby submitted. This report was prepared by the Treasurer's Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town's management. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Town; and that all disclosures necessary to enable the reader to gain adequate understanding of the Town's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The introductory section includes this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, the Town's organizational chart, and a list of principal officials. The Financial Section includes the Independent Auditors' Report, the Management Discussion and Analysis, the basic financial statements, required supplementary information, and other supplementary information. The Statistical Section includes selected financial and demographic information generally presented on a multi-year basis.

The Town of Foster is a Rhode Island municipal corporation which provides the following services to its residents: general administrative services, public safety, public works, social services, and education. The Town supports the operations of the Foster-Glocester Regional School District. The Town's support is based on the number of residents attending the Regional Schools and is reported as an expenditure within the Town's General Fund.

## **GOVERNMENT PROFILE**

The Town of Foster was founded in 1636, incorporated as a Town on August 24, 1781, and is located at the southeastern corner of Providence County on the Rhode Island/Connecticut line. It is bounded by Killingly and Sterling, Connecticut on the west, Glocester on the north, Coventry on the south and Scituate on the east. Foster remains sparsely settled with a population density of only 88.2 persons per square mile. It is connected to the southeast corridor by a network of highways including Interstates 295 and 95, and Route 6. It currently occupies 52.21 square miles and serves a population of 4,606.

The Town of Foster has numerous National Historical Districts. In addition to several buildings, the entire hamlets of Foster Center, the seat of Town Government, Hopkins Mills, Clayville, and Moosup Valley are entered in the National Register of Historic Places.

The Town operates under a Home Rule Charter adopted in 1976 providing for a Town Council form of government with five-members, elected at-large for terms of two years, and headed by a Council President. All legislative powers of the Town are vested in the Town Council by Charter including all powers to enact, amend or repeal ordinances relating to the Town's property, affairs and government (which include the power to create offices, departments or agencies of the Town, preserving the public peace, health and safety, and establishing personnel policies) except such powers as are reserved by State Law to the annual Financial Town Meeting (which include the ordering of any tax, making appropriations, giving effect to any vote of the Financial Town Meeting authorizing the issuance of bonds, and transacting any other business pertaining to the financial affairs of the Town).

The Town Council is supported and advised by various Boards and Commissions (members of which are volunteers and are appointed by the Town Council at different intervals) some of which are: Planning Board, Zoning Board, Board of Canvassers, Recreation Committee, Personnel Board, and the Juvenile Hearing Board.

## **COMPONENT UNIT**

The Foster Land Trust (Land Trust) has been presented as a component unit of the Town in the accompanying government-wide financial statements. Further information regarding the purpose of the Land Trust and the definition of component unit is in Note 1 of the financial statements.

## **EDUCATION**

The public school system of the Town consists of one elementary school, grades kindergarten through 5, and is served by the Foster School Department. Grades 6 through 12 are served by the Foster-Glocester Regional School District of which the Town of Foster and the Town of Glocester are member communities.

The Foster-Glocester Regional School District was incorporated and its fiscal authority established by Acts of the General Assembly in 1958 and 1959. In fiscal year ending June 30, 2013, the Town of Foster paid \$4,606,652 to the Foster-Glocester Regional School District.

The general administration of the Foster School Department is directed by a 3-member School Committee whose members are elected at-large for two-year terms. The three members of the Foster School Committee along with the six School Committee members from the Town of Glocester are ex-officio members of the Foster-Glocester School Committee. The School Committees determine and control all policies affecting the administration, maintenance and operation of the public schools in the Town. The School Committees appoint a Superintendent as their chief administrative agent and such other administrative officers as are considered necessary, and submit detailed budgets of expenditures and revenues to the voters at annual Financial Town Meetings. The Foster-Glocester Regional School District Financial Town Meeting is held on the third Tuesday in March of each year and its budget is adopted at that meeting. The Town of Foster's Financial Town Meeting is held on the first Tuesday of the first week in May of each year and the budget for the Foster elementary school is adopted at that meeting. Once the school budgets have been approved, the School Committees determine the allocations of the amounts appropriated. The School Committees direct and control all policies affecting the administration, construction, maintenance and operation of the public schools.

The Town Charter provides that, based on budget estimates submitted by the Foster School Committee, the Town Council establishes the Foster School Department's appropriation in total only, and that the School Committee determines the allocation of the amounts appropriated.

The Town of Foster's school system (grades kindergarten through 5) consists of 1 elementary school (Captain Isaac Paine).

Grades 6 through 8 attend the Ponaganset Middle School and grades 9 through 12 attend Ponaganset High School. Both the middle and high schools are physically located in the Town of Glocester near the border between the Towns of Foster and Glocester. A new Ponaganset Middle School building was completed in August 2007. The Ponaganset High School South building was constructed in 1960 and the Ponaganset North building was constructed in 1965. Both the North and South buildings were recently renovated (completed in 2010).



As of October at the beginning of each school year, the student enrollment in the Foster School System for the past five years has been and is projected to be as follows:

Actual Enrollment

<u>Year</u>	
2003-2004 .....	898
2004-2005 .....	865
2005-2006 .....	963
2006-2007 .....	864
2007-2008 .....	703
2008-2009 .....	694
2009-2010 .....	694
2010-2011 .....	688
2011-2012 .....	695
2012-2013 .....	675

Projected Enrollment

<u>Year</u>	
2013-2014 .....	643
2014-2015 .....	621
2015-2016 .....	620
2016-2017 .....	618
2017-2018 .....	615

## **MUNICIPAL SERVICES**

The Town provides the following major public services:

**PUBLIC WORKS** – The Town of Foster’s Public Works Department provides a full range of services including street maintenance, snow removal, and maintenance of Town property.

**PUBLIC SAFETY** – Police: The Town Police Department is responsible for Public Safety and has a force of eight full-time sworn officers, including the Chief, Lieutenant, Sergeant and five patrol officers. The 2014 fiscal year budget adopted at the Financial Town Meeting held in May, 2013, includes funding for two additional patrol officers. The department also has four full-time and two part-time Dispatchers. The Dispatchers dispatch for both the police and fire departments.

**ANIMAL CONTROL** – The Police Department is responsible for Animal Control which has one part-time Animal Control Officer.

**FIRE AND RESCUE** – Fire protection and rescue services in the Town of Foster are provided by four separate non-profit volunteer entities created by State statute: Foster Center Fire Company, Moosup Valley Fire Company, South Foster Fire Company, and the Foster Ambulance Corp.

**BUILDING AND ZONING** – The department is made up of one part-time Building Official, one part-time Electrical Inspector and one part-time Plumbing Inspector whose responsibilities include ensuring compliance with state and local building code ordinances and laws.

**HUMAN SERVICES** – The department provides social services to the Town’s seniors along with operating the Town’s food and clothing bank for residents in need.

## **ECONOMIC CONDITIONS AND OUTLOOK**

Foster is primarily a suburban residential community. Residential property accounts for 83.79% of the total tax roll.

## **EMPLOYMENT**

Most employment opportunities extend outside the Town to the Cities of Hartford, Providence and Boston. The majority of job opportunities offered in town are part-time. The principal employers are the Foster School Department and the Town of Foster, Foster Country Club, Nancy-Ann Nursing Home, Shady Acres, Wellone, Little Rhody Foods, and Dr. Daycare.

Listed below is the Rhode Island Department of Labor and Training Quarterly Census of Employment and Wages – First Quarter 2013 Report

<b>Foster</b>			
	<b>Number of Units</b>	<b>Average Employment</b>	<b>Total Wages</b>
<b>Total Private &amp; Government</b>	<b>90</b>	<b>384</b>	<b>3,279,808</b>
<b>Total Private Only</b>	<b>87</b>	<b>284</b>	<b>2,363,276</b>
Agriculture, Forestry, Fishing & Hunting	2	*	*
Construction	21	28	254,886
Manufacturing	3	*	*
Wholesale Trade	2	*	*
Retail Trade	3	*	*
Transportation & Warehousing	4	*	*
Information	2	*	*
Finance & Insurance	2	*	*
Real Estate & Rental & Leasing	0	*	*
Professional & Technical Services	11	17	218,837
Management of Companies & Enterprises	1	*	*
Administrative Support & Waste Mgmt.	12	19	130,436
Educational Services	1	*	*
Health Care & Social Assistance	8	69	424,995
Arts, Entertainment, & Recreation	1	*	*
Accommodation & Food Services	7	28	95,181
Other services,	3	*	*
Unclassified Establishments	1	*	*
<b>Government</b>	<b>6</b>	<b>100</b>	<b>916,532</b>

\* Some data is not shown due to the possibility of identifying data of a specific employer.

## **HOUSING**

At the end of 2013 sale prices for single family homes in Foster ranged from \$99,400 to more than \$352,500. The 2013 second quarter median sales price for homes in Foster was \$179,183.

## **POPULATION TRENDS**

In 2010 Foster was ranked 37 in population among the thirty-nine cities and towns in Rhode Island. Based on the U.S. Bureau of the Census, Foster experienced a moderate increase in population from 1970 through 2010.

Population in the Town from 1950 to 2010 was as follows:

<u>Years</u>	<u>Population</u>
1950	1,630
1960	2,097
1970	2,626
1980	3,370
1990	4,316
2000	4,274
2010	4,606

Source: U.S. Bureau of the Census, 1950-2010

## **MAJOR INITIATIVES**

Each year the Town adopts a five-year Capital Improvement Program. This plan helps identify projects that should be undertaken in the next five years. This long-range planning is essential in addressing the future development and growth of the Town. The Town has continually funded its capital requirements through annual contributions of 2% of expenditures from the operating budget along with surplus funds above the 10% cap. The Taxpayers approved additional contributions to the Capital Improvement Program of \$95,341 in the fiscal year ending June 30, 2013.

Also, the Town recently adopted a charter amendment mandating the return of unspent funds allocated for capital expenditures deemed abandoned to the Capital Project Fund.

Ongoing or recently completed projects include:

- Improve security at the Captain Isaac Paine Elementary School. Improvements include new fencing, security cameras and locks, paving/enlarging the parking lot.
- Completed study of several Town bridges to determine the conditions and costs for repairs.
- Ongoing repair of two bridges: Plainwoods Road and Mill Road Bridges.
- Application of grants to develop the land purchased for a future youth athletic facility.
- Improve handicapped access at Town Hall through installation of handicapped restroom facilities on the lower level.
- Cracksealing and chipsealing the Town's roads.

## **FINANCIAL INFORMATION**

A detail understanding of the financial position and operating results of the Town is provided in the Comprehensive Annual Financial Report (CAFR). The Management's Discussion and Analysis starting on page 4 of the CAFR provides additional information to assess the Town's financial condition.

## **INTERNAL CONTROLS**

In developing and evaluating the Town's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization, procedures, and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently is designed to provide reasonable assurance that:

- Transactions are executed in accordance with management's general or specific authorization.
- Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability of assets. Access to assets is permitted only in accordance with management's authorization.

- The recorded accountability of assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The definition of accounting control presumes reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits to be derived. The benefits consist of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluations occur within the above framework. We believe that the Town's internal accounting control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

## **INDEPENDENT AUDIT**

In accordance with the Town's Charter and the General Laws of the State of Rhode Island, an audit of the accounts and financial statements has been completed by the Town's independent Certified Public Accountants, Bacon & Company, CPA's, LLC and their opinion is included herein.

## **REPORTING ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Foster for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. This was the eleventh consecutive year that the government had achieved this prestigious award, but unfortunately the Town was unable to apply for the achievement for the fiscal years ended June 30, 2006 through June 30, 2011. The Town of Foster was again awarded a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2012.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and effectively organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report meets the Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

## ACKNOWLEDGMENT

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efforts and dedication of the competent staff of the Treasurer's Department. I would also express my appreciation to other personnel from various departments who assisted in its preparation. Finally, I would like to thank the Town Council for their support in planning and conducting the financial operation of the Town.

Respectfully,

A handwritten signature in black ink that reads "Kelli M. Russ". The signature is written in a cursive style with a large initial "K" and "R".

Kelli M. Russ  
Treasurer / Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Foster  
Rhode Island**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



## **TOWN OF FOSTER, RHODE ISLAND**

### **TOWN COUNCIL**

John Lewis, President  
Pamela Fontaine, Vice President  
Roger Hawes  
Denise Defranco  
Neal C. Whitelaw

### **TOWN CLERK**

Carol Lyons Sholly

### **TREASURER / FINANCE DIRECTOR**

Kelli M. Russ

### **TAX ASSESSOR**

Patricia J. Moreau

### **TAX COLLECTOR**

Nancy DeLaere

### **PLANNER**

Ann-Marie Ignasher

### **BUILDING AND ZONING OFFICIAL**

Peter Scorio

### **POLICE CHIEF**

Robert E. Coyne, Jr.

### **DIRECTOR OF HUMAN SERVICES**

Carol Mauro

### **LIBRARY DIRECTOR**

Kristin Chin

### **SCHOOL SUPERINTENDENT**

Dr. Davida Irving

### **SCHOOL COMMITTEE**

Kathleen Tegan Swanson, Chair  
Shelley D. Pezza  
Ron Cervasio

### **FIRE CHIEF - SOUTH FOSTER**

Gordon Brayton

### **FIRE CHIEF - MOOSUP VALLEY**

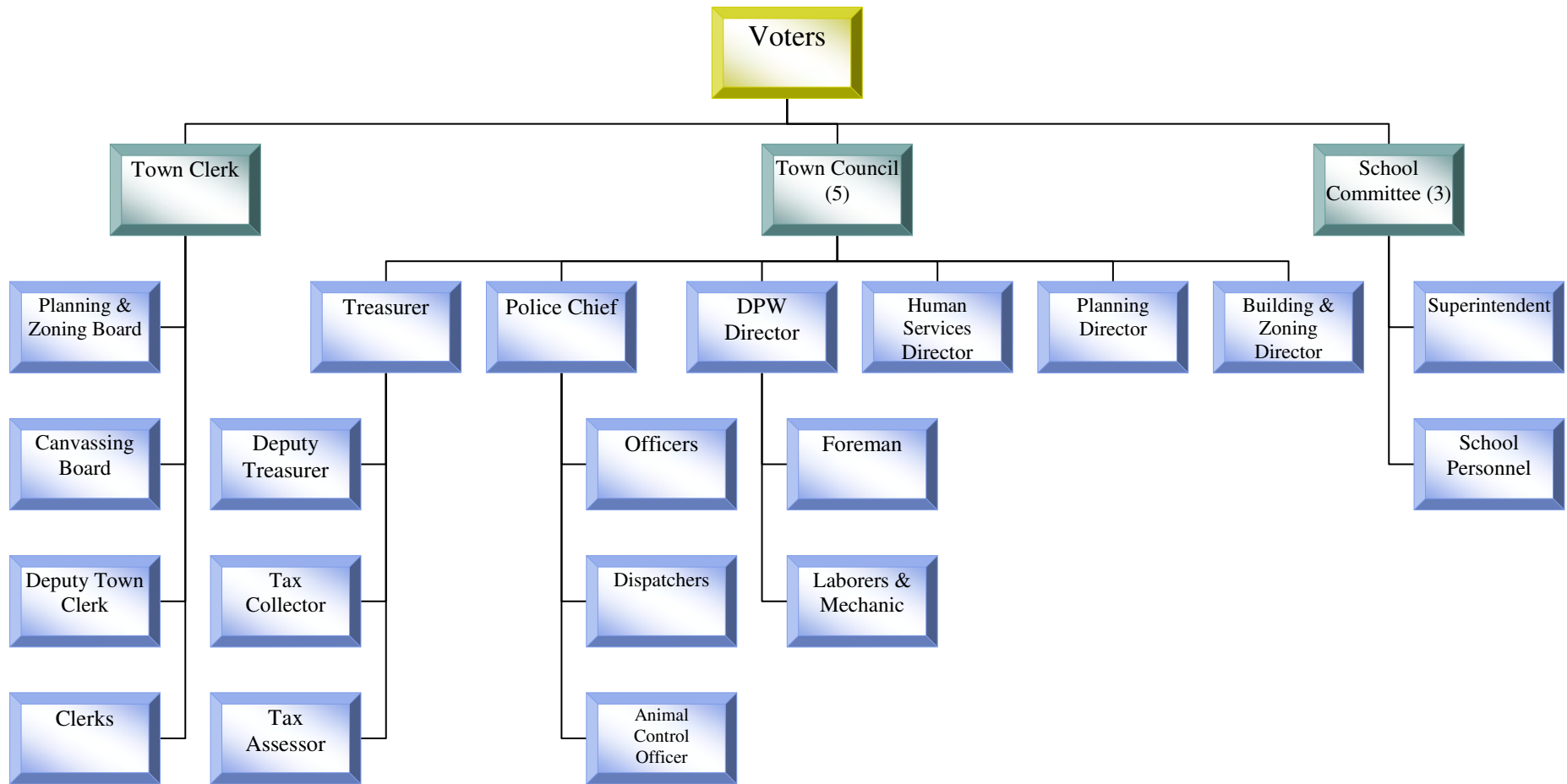
Paul Cunniff

### **FIRE CHIEF - FOSTER CENTER**

Will Paul

### **COMMANDER - AMBULANCE CORPS**

Sharon Cotter



## **FINANCIAL SECTION**

**THIS SECTION CONTAINS THE FOLLOWING:**

*Independent Auditors' Report*

*Management Discussion and Analysis*

*Basic Financial Statements*

*Required Supplementary Information*

*Other Supplementary Information*



CERTIFIED PUBLIC ACCOUNTANTS

875 Centerville Road, Building 3, Unit 10 • Warwick, RI 02886  
(401) 586-6565 • Fax (401) 826-1710

### **Independent Auditor's Report**

To the Honorable President and  
Members of the Town Council  
Town of Foster, Rhode Island

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Foster, Rhode Island, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Foster, Rhode Island's basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Foster, Rhode Island, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and supplementary pension and other postemployment benefit information on pages 4 through 14 and pages 51 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Foster, Rhode Island's basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, and other supplementary information, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, and other supplementary information are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial

statements, the combining fiduciary fund financial statements, and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2013 on our consideration of the Town of Foster, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Foster, Rhode Island's internal control over financial reporting and compliance.

*Bacon & Company, LLC*

Warwick, Rhode Island  
December 27, 2013

**TOWN OF FOSTER, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**  
**(Un-audited)**

Management of the Town of Foster provides this Management's Discussion and Analysis of the Town of Foster's financial statements for the readers of the Town's Comprehensive Annual Financial Report. This narrative overview and analysis of the financial statements of the Town of Foster is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the Town's financial statements that follow.

**FINANCIAL HIGHLIGHTS**

- The Town's governmental funds reported combined ending fund balances of \$2,786,587 of which only (\$2,055) is unassigned.
- At the end of the current fiscal year the committed fund balance in the general fund for the Foster reserve fund was \$907,367, or 8.11% of the total 2014 budgeted expenditures and other financing uses less capital transfers and budgeted capital expenditures. This is an increase of \$155,033 from the previous year.
- The School unrestricted fund ended the year with a restricted (for education) fund balance of \$19,411. This is an increase of \$10,618 from the prior year. The School lunch fund ended the year with a cumulative deficit of \$2,055.
- The Town ended the fiscal year with a budgetary operating surplus of \$152,229. The underlying causes are discussed later in this document. The School ended with a small budgetary operating surplus of \$20,065 primarily due to unanticipated savings associated with personnel changes.
- On a government-wide basis the assets of the Town of Foster exceeded its liabilities as of June 30, 2012 by \$9,461,039. Net position of the Town's component unit increased by \$40,008, or 1.96%, to \$2,079,891.
- The Town's Government-wide operating expenses were \$12,920,705 a 3.16% decrease from the prior year mainly due to decreases in spending in education and health and welfare. Education expenses decreased due to the elimination of federal ARRA funding and a decrease of on-behalf payments from the State of Rhode Island to the pensions system. Expenses decreased in health and welfare programs due to a temporary suspension of the Community Development Block Grant which is used to provide housing rehab loans to the citizens of Foster. Revenues recognized were \$13,272,833, a decrease of \$253,903 or 1.88% mainly due to a decrease in operating grants and contributions and charges for services in health and welfare as a result of the suspension of the Town's Community Development Block Grant while the program was under review and in the process of restructuring.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's annual financial statements. The financial section of this report consists of **four** parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other

**TOWN OF FOSTER, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**  
**(Un-audited)**

supplementary information that includes combining statements for non-major governmental funds and other fiduciary funds. The basic financial statements consist of three components: government-wide financial statements; fund financial statements and notes to financial statements.

- The first two statements are government-wide statements that provide both long-term and short-term information about the Town's overall status.
- The remaining statements are fund statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
  - ▶ The *governmental fund* statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
  - ▶ Fiduciary fund statements provide information about assets that are held by the Town as trustee or agent for the benefit of someone or something other than the Town itself. The Town cannot use these assets to support its own programs.

The financial statements also include notes that provide more detailed data about some of the information in the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, also included is a section of combining statements that provide details of our non-major governmental funds and fiduciary funds, which are added together and presented in a single column in the basic financial statements.

**Government-wide financial statements** – Government-wide financial statements (*Statement of Net Position* and *Statement of Activities*) are designed to provide readers with a broad overview of the Town's finances in a manner similar to that of private-sector businesses. They are presented on the accrual basis of accounting where revenues and expenditures are recognized in the period they occur as opposed to the period in which they are collected or paid.

The *Statement of Net Position* presents information on all of the Town's assets and liabilities with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information which shows how the Town's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

The *Statement of Activities* distinguishes functions of the Town which are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities). The



**TOWN OF FOSTER, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**  
**(Un-audited)**

Town's governmental activities include general government and administration, public safety, public works, social services, and recreational services. The Town's one component unit is the Foster Land Trust. The Town has no business type activities.

The government-wide financial statements are reported on pages 15 and 16 of this report.

**Fund financial statements** – A *fund* is a grouping (and self-balancing set) of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds** – Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *current sources and uses of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. This provides the reader with a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains 24 active individual governmental funds. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund, the School Unrestricted Fund, and the Capital Project Fund which are considered to be major funds. Data from the remaining 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 62 through 71 in this report. The governmental fund financial statements can be found on pages 17 through 21 of this report.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The fiduciary funds maintained by the Town include 1 post employment benefit trust fund, 1 private purpose trust fund, and 3 agency funds. The fiduciary funds financial statements can be found on pages 22 and 23 of this report. Individual fund data for the agency funds is provided in the form of combining statements on pages 72 and 73 of this report.

**TOWN OF FOSTER, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**  
**(Un-audited)**

*Notes to Financial Statements* - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

*Other Information* - In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. **This section includes budgetary comparison schedules, which include reconciliation between the statutory fund balance for budgetary purposes and the fund balances for the General Fund as presented in the governmental fund statements.** Required supplementary information follows the notes to the financial statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. On a government-wide basis, the assets of the Town exceeded its liabilities at June 30, 2013 by \$9,461,039, an increase of \$352,128, or 3.87% from 2012.

The most significant changes noted were:

*Current assets* increased by \$274,528 from 2012. Additionally, *current liabilities* increased by \$24,278 from 2012. Much of the increase in *current assets* is due to an increase in property tax receivable and receivables from federal and state governments. The increase in *current liabilities* from 2012 is net of a decrease in accounts payable and accrued expenses and a significant increase in claims payable related to our health and dental program. *Noncurrent assets* decreased by \$42,645 primarily due to depreciation of assets.

The largest portion of the Town's net position, \$6,372,989 or 67.36%, consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, machinery and equipment, and infrastructure, less any debt used to acquire these assets, which is still outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

**TOWN OF FOSTER, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**  
**(Un-audited)**

**Town of Foster**  
**Statement of Net Position**

	<b>June 30, 2013</b>		<b>June 30, 2012</b>	
	Governmental Activities	Component Unit	Governmental Activities	Component Unit
Current assets	\$ 3,267,710	\$ 143,336	\$ 2,993,182	\$ 187,495
Noncurrent assets	7,141,541	1,936,555	7,184,186	1,936,555
Total assets	<u>\$ 10,409,251</u>	<u>\$ 2,079,891</u>	<u>\$ 10,177,368</u>	<u>\$ 2,124,050</u>
Current liabilities	\$ 607,466	\$ -	\$ 583,188	\$ 84,167
Noncurrent liabilities	340,746	-	485,269	-
Total liabilities	<u>\$ 948,212</u>	<u>\$ -</u>	<u>\$ 1,068,457</u>	<u>\$ 84,167</u>
 Net Position:				
Net investments in capital assets	\$ 6,372,989	\$ 1,936,555	\$ 6,413,271	\$ 1,852,388
Restricted	771,151	-	689,185	-
Unrestricted	2,316,899	143,336	2,006,455	187,495
Total net position	<u><u>\$ 9,461,039</u></u>	<u><u>\$ 2,079,891</u></u>	<u><u>\$ 9,108,911</u></u>	<u><u>\$ 2,039,883</u></u>

An additional portion of the Town's net position, \$771,151, or 8.15%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to its citizens and creditors. Internally imposed designations of resources are not presented as restricted net position.

At the end of the current year, the Town reports positive balances in all three categories of net position for the government as a whole.

**Changes in Net Position**

The government's net position increased by \$352,128 during the current fiscal year.

**TOWN OF FOSTER, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**  
**(Un-audited)**

**Town of Foster**  
**Statement of Activities**

	<b>June 30, 2013</b>		<b>June 30, 2012</b>	
	<u>Governmental Activities</u>	<u>Component Unit</u>	<u>Governmental Activities</u>	<u>Component Unit</u>
<i>Revenues</i>				
Program revenues				
Charges for services	\$ 218,976	\$ 38,180	\$ 301,058	\$ 31,421
Operating grants	1,624,630	1,421	1,779,365	-
Capital grants	-	-	-	280,700
General revenues				
Property taxes	11,266,311	-	11,282,490	-
State aid	137,081	-	136,372	-
Interest and investment income	2,585	1,288	2,616	1,110
Miscellaneous	23,250	-	24,835	-
Total revenues	<u>\$ 13,272,833</u>	<u>\$ 40,889</u>	<u>\$ 13,526,736</u>	<u>\$ 313,231</u>
<i>Expenses</i>				
Legislative, judicial & general admin	\$ 919,614	\$ -	\$ 937,174	\$ -
Health and welfare	76,821	-	230,321	-
Public Safety	1,356,574	-	1,353,408	-
Public Works	1,048,362	-	1,009,206	-
Building and Zoning	44,735	-	39,767	-
Planning	46,520	-	38,568	-
Conservation	1,171	-	1,103	-
Recreation	23,255	-	25,100	-
Education	9,195,022	-	9,353,522	-
Food services	68,412	-	76,825	-
Libraries	140,219	-	140,219	-
Land Trust	-	881	-	19,871
Total expenses	<u>\$ 12,920,705</u>	<u>\$ 881</u>	<u>\$ 13,205,213</u>	<u>\$ 19,871</u>
Change in net position	352,128	40,008	321,523	293,360
Net position - beginning of year	<u>9,108,911</u>	<u>2,039,883</u>	<u>8,787,388</u>	<u>1,746,523</u>
Net position - end of year	<u>\$ 9,461,039</u>	<u>\$ 2,079,891</u>	<u>\$ 9,108,911</u>	<u>\$ 2,039,883</u>

**Governmental activities** - Governmental activities increased the Town's net position by \$352,128. The key elements for this increase are as follows:

- 1) A net decrease in capital assets due to depreciation.
- 2) A net increase in current assets due to an operating surplus from the Town.
- 3) An increase due to the recognition of taxes levied but not yet collected, this is reflected in the increase in property tax receivables

**TOWN OF FOSTER, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**  
**(Un-audited)**

**Component unit activities** - Component unit activities increased its net position by \$40,008, or 1.96%, from 2012. The key element for this increase was the receipt of conveyance fees allocated to the preservation of open space.

**Financial Analysis of the Government's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,786,587 an increase of \$91,419 in comparison with the prior year.

**Town of Foster**  
**Governmental Funds**  
**Fund Balances**

	Total General Fund 6/30/2013	Total Other Funds 6/30/2013	Total Governmental Funds 6/30/2013	Total General Fund 6/30/2012	Total Other Funds 6/30/2012	Total Governmental Funds 6/30/2012
Nonspendable:						
Prepaid expenditures	\$ 41,010	\$ 9,447	\$ 50,457	\$ 43,814	\$ -	\$ 43,814
Other assets with WB Comm. Health	577,510	-	577,510	692,210	-	692,210
Restricted:						
Education	-	34,180	34,180	-	23,562	23,562
Historical records preservation	-	64,636	64,636	-	64,015	64,015
Health and welfare programs	-	10,902	10,902	-	8,097	8,097
Public safety programs	-	12,755	12,755	-	6,075	6,075
Capital	-	594,918	594,918	-	532,577	532,577
Other programs	-	14,502	14,502	-	14,502	14,502
Committed:						
Student population change	124,946	-	124,946	124,946		124,946
Townhouse maintenance	-	13,436	13,436	-	13,412	13,412
Recycling programs	-	8,104	8,104	-	8,104	8,104
Open space and conservation	-	146,020	146,020	-	143,224	143,224
Capital	201,045	-	201,045	244,174	-	244,174
Foster reserve fund	907,367	-	907,367	752,334	-	752,334
Assigned:						
Recreation	16,472	-	16,472	11,563	-	11,563
Other programs	11,392	-	11,392	16,455	-	16,455
Unassigned:						
	-	(2,055)	(2,055)	-	(3,896)	(3,896)
Total fund balances	<u>\$ 1,879,742</u>	<u>\$ 906,845</u>	<u>\$ 2,786,587</u>	<u>\$ 1,885,496</u>	<u>\$ 809,672</u>	<u>\$ 2,695,168</u>

**TOWN OF FOSTER, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**  
**(Un-audited)**

The general fund's total fund balance decreased by \$5,754 from 2012 overall. This change is the net result of more significant changes in fund balances. Nonspendable fund balance decreased by \$117,504 due to a decrease in the assets held with WB Community Health which administers the town's medical and dental insurance programs. This decrease was offset by the increase in committed fund balance of \$111,904 primarily due to the commitment of the current year surplus in the Foster reserve fund.

The town has two major funds included in the total other funds listed above: school unrestricted fund and capital projects fund. The school unrestricted fund ended the fiscal year with total fund balances of \$28,858, an increase from 2012 of \$20,065. The capital project fund ended the fiscal year with total fund balances of \$594,918, an increase from 2012 of \$62,341, primarily due to a town initiative to preserve the capital project fund by appropriating an amount in excess of the 2% mandated by the Homerule Charter adopted in 1976. The additional transfer was \$95,341. See page 17 for additional detail.

### **General Fund Budgetary Highlights**

The Town finished FY 2013 with a budgetary surplus of \$152,229. Much of this surplus was a result of events which could not be anticipated.

### **Revenues**

Budgeted revenues and other financing sources reported in 2013 exceeded actual revenues reported by \$40,245 or 0.35%. This gain in revenues was a result of the following:

A positive budgetary variance occurred in collection of interest penalties on outstanding taxes levied in both the current and prior years. The actual *finer and interest on late payments* exceeded the budgeted estimates by \$28,753, or 47.92%, primarily due to a positive variance in prior year collections.

### **Expenses**

Budgeted expenditures and other financing uses in the Town's General Fund exceeded actual expenditures by \$111,984 or 0.96%. This was due to positive variances in miscellaneous administration and public works due to the moderate winter resulting in savings for heating fuel and snow removal. Also, the town recognized savings of approximately \$40,000 in salaries and benefits due to transitioning of personnel in a few departments.

This schedule is located on pages 51 to 55 of this report.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

The Town of Foster's investment in capital assets for its governmental activities as of June 30, 2013 amounted to \$6,397,962 (net of accumulated depreciation). This investment in capital assets includes

**TOWN OF FOSTER, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**  
**(Un-audited)**

land, buildings and improvements, motor vehicles, machinery and equipment, infrastructure, and construction in progress.

Additional information on the Town of Foster's capital assets is located in Note 6 on page 36 of the notes to the financial statements.

**Town of Foster**  
**Capital Assets (net of Accumulated Depreciation)**

	<b>June 30, 2013</b>		<b>June 30, 2012</b>	
	Governmental Activities	Component Unit	Governmental Activities	Component Unit
Land	\$ 161,199	\$ 1,936,555	\$ 161,199	\$ 1,936,555
Construction in progress	1,500	-	108,198	-
Land Improvements	14,856	-	17,557	-
Buildings and improvements	2,067,956	-	2,114,242	-
Motor vehicles	513,288	-	266,364	-
Machinery and equipment	131,557	-	171,264	-
Infrastructure - roads and bridges	3,507,606	-	3,622,980	-
<b>Total</b>	<b>\$ 6,397,962</b>	<b>\$ 1,936,555</b>	<b>\$ 6,461,804</b>	<b>\$ 1,936,555</b>

Significant capital asset events during the current fiscal year included the following:

- 1) Repairs/improvements to the Captain Isaac Paine School's heating system – pipe replacement \$53,097
- 2) Final payment and delivery of a new Tanker for the Foster Center Company (current year's payment - \$220,562 plus prior year construction in progress) \$328,760

**Debt Administration**

In fiscal year 2006, the Town of Foster made its final payment on an outstanding debt payment which fully satisfied the Town's obligation. The Town has issued no additional bonded debt.

Except as provided below, under Section 45-12-2 of the General Laws of Rhode Island, the Town may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the Town. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the Town. The current 3% debt limit of the Town is \$16,264,882 (based on the net assessed valuation at December 31, 2011 of \$542,162,734). As

**TOWN OF FOSTER, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**  
**(Un-audited)**

of June 30, 2013, the Town had no outstanding bonds and notes issued within the 3% debt limit leaving a borrowing capacity of \$16,264,882.

The State legislature may by special act, permit the Town to incur indebtedness outside the limitations imposed by the 3% debt limit. Special legislation adopted by the Legislature authorizing the Town to incur debt is subject to referendum by the electors of the Town. On June 30, 2013, the total outstanding debt of the Town issued outside the 3% debt limit was \$0.

In addition to debt authorized within the 3% debt limit and debt authorized by special act of the Legislature, Rhode Island General Law 45-12-11 authorizes the Rhode Island State Director of Administration, upon petition by a municipality, to authorize such municipality to incur indebtedness in excess of the 3% debt limit. This would occur whenever the Director determines that the sums appropriated by the municipality or its funds available are insufficient to pay the necessary expenses of the municipality. The Town has never requested the State Director of Administration to authorize indebtedness of the Town under section 45-12-11.

Additional information on the Town of Foster's long-term debt can be found in Note 7 of the financial statements on page 35.

**Economic Factors and Next Year's Budgets and Rates**

- Unemployment rates as of June 30, 2013 and June 30, 2012

<u>6/30/2013</u>	<u>6/30/2012</u>	
8.2%	10.3%	Town of Foster
8.5%	10.3%	State of Rhode Island
7.8%	8.4%	United States

- Median household income in Foster was \$75,702 compared to the State of Rhode Island median income of \$56,102. The median income for the United States was \$53,046.
- Per Capita income in Foster was \$19,993 compared to the State of Rhode Island per capita income of \$30,005. The per capita income for the United States was \$28,051.
- Existing single-family home median sale prices were approximately \$179,183 in Foster, moderately lower than the state average of \$259,400.
- Foster ranks 37<sup>th</sup> in population (4,606 per 2010 census) among Rhode Island's 39 cities and towns.
- The Town's total general fund budget for fiscal year 2014 approved at the May, 2013, Financial Town Meeting is \$11,695,927, allocated as follows:
  - Education - \$7,581,725, or 64.83%
  - Capital - \$506,798, or 4.33% (includes a budgeted transfer to the capital project fund)
  - Other purposes - \$3,607,027, or 30.84%



**TOWN OF FOSTER, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**  
**(Un-audited)**

- The 2014 FTM adopted budget reflects an increase of \$55,159 or .47% from 2013. The small change is the net result of significant changes in a few departments. These changes include increases in the police budget to fund two additional officers of \$153,008; a 4% increase in the funding of the Captain Isaac Paine Elementary School in the amount of \$119,573; a decrease in the Legislative Department due to a decrease in personnel in the Town Clerk's office in the amount of \$42,879; a decrease in excess funding the Capital Project Fund in the amount of \$92,844; and a significant decrease in the appropriation to the Foster/Glocester Regional School as a result of positive changes in student population of \$133,833.
- In 2014 \$0 was appropriated from the Town's fund balance to offset expenditures. The motor vehicle exemption given to taxpayers per vehicle remained at \$3,100.
- State law limits the amount a municipality can raise taxes to 104% of the prior year tax levy.
- The State motor vehicle phase-out reimbursement remains at \$500.
- Municipal revenues, other than taxes, remain flat.
- Since December 2000, per Rhode Island General Law 44-5-11.6, municipalities in Rhode Island are required to perform full revaluations on all "ratable" property every nine years and statistical revaluations every three years for the years in-between. The last full revaluation was performed as of December 31, 2008, which was the basis of the 2009 tax bills collected in the 2010 fiscal year end. The Town also completed a statistical revaluation that was reflected in the 2012 tax bills collected in the 2013 fiscal year end. The Town's tax rates for 2014 and 2013 with their differences are listed below. The tax on *Motor Vehicles* has been frozen at \$36.95. The tax on *Inventory* has been phased out. Rates are per \$1,000.

**Tax Rates**

	Fiscal Year	Fiscal Year	Increase
	<u>2013-14</u>	<u>2012-13</u>	<u>(Decrease)</u>
Real Property	\$ 20.40	\$ 20.32	\$ 0.08
Motor Vehicle	36.95	36.95	-
Tangible	28.03	27.93	0.10
Inventory	-	-	-

***REQUEST FOR INFORMATION***

**The financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Kelli Russ, Treasurer/Finance Director, Town of Foster, 181 Howard Hill Road, Foster, RI 02825.**

## **BASIC FINANCIAL STATEMENTS**

### **THE BASIC FINANCIAL STATEMENTS INCLUDE:**

*Government-Wide Financial Statements*

*Fund Financial Statements:*  
*- Governmental Funds*

**In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**TOWN OF FOSTER, RHODE ISLAND**

*Statement of Net Position*

*June 30, 2013*

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	<u>Primary Government Governmental Activities</u>	<u>Component Unit Foster Land Trust</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,278,447	\$ 114,238
Investments	-	25,000
Property taxes receivable	620,526	-
Accrued interest receivable	82,024	-
Due from federal and state governments	156,987	-
Other receivables	79,269	-
Due from primary government	-	4,098
Prepaid expenses	50,457	-
<b>Total current assets</b>	<u>3,267,710</u>	<u>143,336</u>
<b>Noncurrent assets:</b>		
Capital assets: (Note 6)		
Land and other nondepreciable assets	162,699	1,936,555
Depreciable buildings, property, equipment, and infrastructure (net)	6,235,263	-
Negative net other post employment benefit obligation	24,242	-
Other assets	719,337	-
<b>Total noncurrent assets</b>	<u>7,141,541</u>	<u>1,936,555</u>
<b>Total assets</b>	<u>10,409,251</u>	<u>2,079,891</u>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	365,975	-
Due to component unit	4,098	-
Claims payable	141,827	-
Unearned revenue	22,918	-
Current portion of lease payable	24,973	-
Compensated absences payable	43,428	-
Other liabilities	4,247	-
<b>Total current liabilities</b>	<u>607,466</u>	<u>-</u>
<b>Noncurrent liabilities:</b>		
Compensated absences payable	340,746	-
<b>Total noncurrent liabilities</b>	<u>340,746</u>	<u>-</u>
<b>Total liabilities</b>	<u>948,212</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	6,372,989	1,936,555
Restricted for:		
Capital purposes	594,918	-
Specific projects and programs	176,233	-
Unrestricted	2,316,899	143,336
<b>Total net position</b>	<u>\$ 9,461,039</u>	<u>\$ 2,079,891</u>

*The accompanying notes are an integral part of the basic financial statements.*

**TOWN OF FOSTER, RHODE ISLAND**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2013*

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Total Governmental Activities</u>	<u>Component Unit  Foster Land Trust</u>
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Legislative, judicial and general administrative	\$ 919,614	\$ 82,883	\$ -	\$ (836,731)	\$ -
Health and Welfare	76,821	-	44,402	(32,419)	-
Public safety	1,356,574	22,747	12,761	(1,321,066)	-
Public works	1,048,362	-	9,184	(1,039,178)	-
Building and zoning	44,735	27,246	-	(17,489)	-
Planning	46,520	-	-	(46,520)	-
Conservation	1,171	-	-	(1,171)	-
Recreation	23,255	806	-	(22,449)	-
Education	9,195,022	47,465	1,525,859	(7,621,698)	-
Food services	68,412	37,829	32,424	1,841	-
Libraries	140,219	-	-	(140,219)	-
<b>Total governmental activities</b>	<u>12,920,705</u>	<u>218,976</u>	<u>1,624,630</u>	<u>(11,077,099)</u>	<u>-</u>
<b>Component Unit:</b>					
<b>Foster Land Trust</b>	<u>881</u>	<u>38,180</u>	<u>1,421</u>	<u>-</u>	<u>38,720</u>
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes				11,266,311	-
State aid, not restricted for a specific purpose				137,081	-
Interest and investment income				2,585	1,288
Miscellaneous				23,250	-
<b>Total general revenues</b>				<u>11,429,227</u>	<u>1,288</u>
<b>Change in net position</b>				352,128	40,008
<b>Net position - beginning of year-restated</b>				9,108,911	2,039,883
<b>Net position - end of year</b>				<u>\$ 9,461,039</u>	<u>\$ 2,079,891</u>

*The accompanying notes are an integral part of the basic financial statements.*

## **FUND FINANCIAL STATEMENTS**

**TOWN OF FOSTER, RHODE ISLAND**

*Balance Sheet  
Governmental Funds  
June 30, 2013*

	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Capital Projects Fund</i>	<i>Nonmajor Other Governmental Funds</i>	<i>Total Governmental Funds</i>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,336,354	\$ 79,960	\$ 569,851	\$ 292,282	\$ 2,278,447
Property taxes receivable	620,526	-	-	-	620,526
Due from federal and state governments	58,808	-	-	98,179	156,987
Other receivables	6,371	30,540	-	41,208	78,119
Due from other funds	16,284	93,436	25,067	39,155	173,942
Prepaid expenditures	41,010	9,447	-	-	50,457
Other assets	719,337	-	-	-	719,337
<b>Total assets</b>	<b>\$ 2,798,690</b>	<b>\$ 213,383</b>	<b>\$ 594,918</b>	<b>\$ 470,824</b>	<b>\$ 4,077,815</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenditures	\$ 156,225	\$ 169,756	\$ -	\$ 39,994	\$ 365,975
Due to other funds	49,520	14,769	-	108,503	172,792
Due to component unit	4,098	-	-	-	4,098
Deferred revenues	563,031	-	-	39,258	602,289
Claims payable	141,827	-	-	-	141,827
Other liabilities	4,247	-	-	-	4,247
<b>Total liabilities</b>	<b>918,948</b>	<b>184,525</b>	<b>-</b>	<b>187,755</b>	<b>1,291,228</b>
<b>Fund Balances</b>					
Nonspendable:					
Prepaid expenditures	41,010	9,447	-	-	50,457
Other assets with WB Community Health	577,510	-	-	-	577,510
Restricted for:					
Education programs	-	19,411	-	14,769	34,180
Historical records preservation	-	-	-	64,636	64,636
Health and welfare programs	-	-	-	10,902	10,902
Public safety programs	-	-	-	12,755	12,755
Capital expenditures	-	-	594,918	-	594,918
Other programs	-	-	-	14,502	14,502
Committed for:					
Student population change	124,946	-	-	-	124,946
Townhouse maintenance	-	-	-	13,436	13,436
Recycling programs	-	-	-	8,104	8,104
Open space and conservation	-	-	-	146,020	146,020
Capital expenditures	201,045	-	-	-	201,045
Foster reserve fund	907,367	-	-	-	907,367
Assigned for:					
Recreation programs	16,472	-	-	-	16,472
Other programs	11,392	-	-	-	11,392
Unassigned	-	-	-	(2,055)	(2,055)
<b>Total fund balance</b>	<b>1,879,742</b>	<b>28,858</b>	<b>594,918</b>	<b>283,069</b>	<b>2,786,587</b>
<b>Total liabilities and fund balance</b>	<b>\$ 2,798,690</b>	<b>\$ 213,383</b>	<b>\$ 594,918</b>	<b>\$ 470,824</b>	<b>\$ 4,077,815</b>

*The accompanying notes are an integral part of the basic financial statements.*

**TOWN OF FOSTER, RHODE ISLAND**  
*Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Position  
June 30, 2013*

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<b>Total Fund Balances - Total Governmental Funds</b>	\$2,786,587
<b>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</b>	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. See note 6 to the financial statements.	6,397,962
Accrued interest receivable on property taxes is reported as revenue in the Government-Wide Financial Statements in the period earned. In the Governmental Fund Financial Statements, interest on property taxes is reported when received.	82,024
Delinquent taxes are recognized as revenue in the period for which levied in the Government-Wide Financial Statements, but are reported as deferred revenue (a liability) in the Governmental Fund Financial Statements.	540,113
Other long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in Governmental Funds financial statements.	39,258
Long-term liabilities (including capital leases payable, compensated absences and net opeb obligation) are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet. See note 7 to the financial statements.	<u>(384,905)</u>
<b>Net Position - Governmental Activities</b>	<u><u>\$9,461,039</u></u>

*The accompanying notes are an integral part of the basic financial statements.*



**TOWN OF FOSTER, RHODE ISLAND**  
*Governmental Funds*  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*For the Fiscal Year Ended June 30, 2013*

	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Capital Projects Fund</i>	<i>Nonmajor Other Governmental Funds</i>	<i>Total Governmental Funds</i>
<b>Revenues</b>					
General property taxes	\$ 11,019,525	\$ -	\$ -	\$ -	\$ 11,019,525
Intergovernmental and departmental revenues	137,887	1,355,931	-	257,568	1,751,386
Licenses and permits	67,590	-	-	-	67,590
Building and zoning fees	27,246	-	-	-	27,246
Fines and interest on late payments	88,753	-	-	-	88,753
Interest on investments	1,844	-	532	209	2,585
Other revenues	59,491	47,465	-	50,573	157,529
<b>Total revenues</b>	<u>11,402,336</u>	<u>1,403,396</u>	<u>532</u>	<u>308,350</u>	<u>13,114,614</u>
<b>Expenditures</b>					
Current:					
Legislative, judicial and general administrative	367,325	-	-	6,466	373,791
Financial administration	222,833	-	-	-	222,833
Miscellaneous administration	234,050	-	-	-	234,050
Health and welfare	36,125	-	-	40,696	76,821
Public safety	1,275,266	-	-	8,081	1,283,347
Public works	989,502	-	-	-	989,502
Building and zoning	44,735	-	-	-	44,735
Planning	46,520	-	-	-	46,520
Conservation	1,171	-	-	-	1,171
Recreation	22,494	-	-	-	22,494
Education	4,676,769	4,372,664	-	169,928	9,219,361
Food services	-	-	-	68,412	68,412
Libraries	140,219	-	-	-	140,219
Land trust	2,444	-	-	-	2,444
Capital outlay	297,495	-	-	-	297,495
<b>Total expenditures</b>	<u>8,356,948</u>	<u>4,372,664</u>	<u>-</u>	<u>293,583</u>	<u>13,023,195</u>

*(Continued)*

*The accompanying notes are an integral part of the basic financial statements.*

**TOWN OF FOSTER, RHODE ISLAND**  
*Governmental Funds*  
*Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)*  
*For the Fiscal Year Ended June 30, 2013*

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</i>	3,045,388	(2,969,268)	532	14,767	91,419
<i>Other financing sources (uses)</i>					
Transfers from other funds	279,500	2,989,333	341,309	-	3,610,142
Transfers to other funds	(3,330,642)	-	(279,500)	-	(3,610,142)
<i>Total other financing sources (uses)</i>	(3,051,142)	2,989,333	61,809	-	-
<i>Net change in fund balance</i>	(5,754)	20,065	62,341	14,767	91,419
<i>Fund balances - beginning of year -restated</i>	1,885,496	8,793	532,577	268,302	2,695,168
<i>Fund balances - end of year</i>	<u>\$ 1,879,742</u>	<u>\$ 28,858</u>	<u>\$ 594,918</u>	<u>\$ 283,069</u>	<u>\$ 2,786,587</u>

*The accompanying notes are an integral part of the basic financial statements.*

**TOWN OF FOSTER, RHODE ISLAND**  
*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and  
Changes in the Fund Balances to Government-Wide Statement of Activities  
For the Year Ended June 30, 2013*

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*Net Changes in Fund Balances - Total Governmental Funds* \$ 91,419

*Amounts reported for Governmental Activities in the Statement of Activities are different because:*

Governmental Funds financial statements report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital asset additions recorded in the current period. 275,159

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in Governmental Funds financial statements. (339,001)

Lease proceeds provide current financial resources to Governmental Funds, but issuing debt increases the long-term liabilities in the Government-Wide Statement of Net Position. Repayment of lease principal is an expenditure in the Governmental Funds financial statements, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Position. This amount represents long-term debt payments. 23,560

Long-term compensated absences are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, compensated absences are not reported as expenditures in Governmental Fund Financial Statements. 77,552

Property taxes are recognized as revenue in the period for which levied in the Government-Wide Financial Statements, but are recognized as revenue when measurable and available in the Governmental Fund Financial Statements. 156,394

Revenues in the Government- Wide Statement of Activities that are not available are not reported as revenue in the Governmental Funds. 1,825

Negative net other post employment benefit (OPEB) obligations are reported in the Government-Wide financial statements, but do not provide current financial resources. Therefore, negative net OPEB obligations are not reported in Governmental Funds financial statements. 65,220

*Change in Net Position of Governmental Activities* \$ 352,128

*The accompanying notes are an integral part of the basic financial statements.*

**TOWN OF FOSTER, RHODE ISLAND**

*Statement of Fiduciary Net Position*

*Fiduciary Funds*

*June 30, 2013*

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	<i>Post Employment Benefits Trust Fund</i>	<i>Private- purpose Trusts Cemetery Fund</i>	<i>Agency Funds</i>
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 18,936	\$ 26,442
Contribution receivable	50,124	-	-
Prepaid expenses	2,738	-	-
<b>Total assets</b>	<u>52,862</u>	<u>18,936</u>	<u>26,442</u>
<b>Liabilities</b>			
Due to other funds	-	1,150	-
Deposits held in custody for others	-	-	26,442
<b>Total liabilities</b>	<u>-</u>	<u>1,150</u>	<u>26,442</u>
<b>Net Position</b>			
Restricted for post employment benefits and other purposes	<u>\$ 52,862</u>	<u>\$ 17,786</u>	<u>\$ -</u>

*The accompanying notes are an integral part of the basic financial statements.*

**TOWN OF FOSTER, RHODE ISLAND**

*Statement of Changes in Fiduciary Net Position*

*Fiduciary Funds*

*For the Year Ended June 30, 2013*

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	<b><i>Post Employment Benefits Trust Fund</i></b>	<b><i>Private- purpose Trusts Cemetery Fund</i></b>
<b><i>Additions</i></b>		
Contributions:		
Employer	\$ 94,821	\$ -
Plan members	23,336	-
Total contributions	<u>118,157</u>	<u>-</u>
Investment earnings:		
Interest and dividends	-	29
Total investment earnings	<u>-</u>	<u>29</u>
<b><i>Total additions</i></b>	<u>118,157</u>	<u>29</u>
<b><i>Deductions</i></b>		
Benefits	65,295	-
Miscellaneous	-	6,126
<b><i>Total deductions</i></b>	<u>65,295</u>	<u>6,126</u>
<b><i>Change in net position</i></b>	52,862	(6,097)
<b><i>Net position - beginning of year</i></b>	<u>-</u>	<u>23,883</u>
<b><i>Net position - end of year</i></b>	<u>\$ 52,862</u>	<u>\$ 17,786</u>

*The accompanying notes are an integral part of the basic financial statements.*

# ***TOWN OF FOSTER, RHODE ISLAND***

## *Notes to Financial Statements*

*June 30, 2013*

The financial statements of the Town of Foster, Rhode Island (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the Town's financial statements.

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***A. REPORTING ENTITY***

The Town is a municipal corporation governed by a Town Council form of government with an elected five member Town Council. The Town of Foster was incorporated in 1781 and operates under a Home Rule Charter adopted in 1976. All legislative powers of the Town, except such powers as reserved by State Law or vested in the Financial Town Meeting by the Charter, are vested in the Town Council by the Charter. The ordering of any tax, making of appropriations and transacting any other business pertaining to the financial affairs of the Town are done at the Financial Town Meeting.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the Town applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", and GASB Statement No. 61 "Financial Reporting Entity-Omnibus". A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or based on the nature and significance of the organization's relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Through the application of GASB Statement Numbers 14, 39, and 61 criteria, the Foster Land Trust (the Land Trust) has been discretely presented as a component unit of the Town in the accompanying government-wide financial statements.

The purpose of the Land Trust is to acquire, hold and manage real property and interests in real property situated in the Town of Foster, consisting of open space and agricultural property. Upon termination or dissolution of the Land Trust, title to all remaining funds, land and land rights will vest with the Town. Trustees are appointed by the Town Council and the Land Trust can impose a financial burden upon the Town in the form of financial support and financing of operating deficits. The Land Trust holds economic resources (land and land rights) entirely for the direct benefit of the Town. The Land Trust does not issue separate financial statements.

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

*June 30, 2013*

### **B. BASIS OF PRESENTATION**

#### **Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The government-wide financial statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Town has no business-type activities at June 30, 2013 or for the year then ended.

The statement of activities presents a comparison between expenses and program revenue for each function of the Town's governmental activities and changes in net position. Program revenues include a) fees, fines and charges paid by the recipients of goods or services offered by the programs and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Certain eliminations have been made as prescribed by GASB Statement No. 34 relating to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated.

#### **Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories, each being displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10% of the corresponding total (assets, liabilities and so forth) for all funds of that category or type, (that is, total governmental or total enterprise funds), and
- b) Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

*June 30, 2013*

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

### **Governmental Funds:**

These are the funds through which most governmental functions are typically financed. The funds included in this category are as follows:

**General Fund** – The General Fund is used to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenues used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established. The General Fund is the primary operating fund of the Town and is reported as a major fund.

**Special Revenue Funds** – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes (other than debt service or capital projects). The Town's major special revenue fund is the School Unrestricted Fund, which accounts for resources to provide primary education to the Town's children. The School Unrestricted Fund's major revenue sources are general state aid to education and the General Fund Town appropriation.

**Capital Project Funds** – Capital project funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlay, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary or trust funds). The Town's only major capital project fund is the Capital Reserve Fund, which is used to finance the purchases set forth in the capital program.

### **Proprietary Funds:**

Proprietary funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. For the year ended June 30, 2013, the Town has no proprietary funds.

### **Fiduciary Funds:**

Fiduciary funds are used to report assets held by the Town in a trustee or agency capacity and therefore, cannot be used to support the Town's own programs. Fiduciary funds are not included in the government-wide financial statements. The Town has the following fiduciary funds:



# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

*June 30, 2013*

***Post Employment Benefits Trust Fund*** – This fund was established by Town Ordinance effective August 23, 2012 to account for funds to finance other post employment benefits paid by the Town and the payment of these benefits as they come due. The fund presently is accounting for surplus funds derived from the Town’s medical accounts and any dividends derived from the Town’s involvement with WB Community Health in conformance with the Town Ordinance and the payment of retirees’ benefits on a “pay as you go” basis.

***Private Purpose Trust Funds*** – These funds account for assets held by the Town under various trust arrangements for the benefit of certain individuals.

***Agency Funds*** – These funds account for assets held by the Town as an agent for various student groups, funds held in probate, and funds held for performance bonds.

### ***C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING***

The government-wide financial statements are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all the Town’s assets and liabilities, including capital assets and long-term liabilities, are included in the statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash payments. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual. Susceptibility occurs when revenues are both measurable and available for liquidating liabilities of the current period. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (generally sixty days after year-end). Revenues not considered to be available are recorded as deferred revenues. Expenditures, including capital outlays, are recognized when a liability has been incurred, except for those involving debt service and other long-term obligations that are recognized when paid.

Those revenues susceptible to accrual are property taxes, state aid, interest and charges for services. Fines, licenses and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash and thus are recognized when received.

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

*June 30, 2013*

Fiduciary funds are reported using the “economic resources” measurement focus and the accrual basis of accounting. Agency funds are purely custodial and do not involve the measurement of results of operations.

### ***D. USE OF ESTIMATES***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

### ***E. CASH AND CASH EQUIVALENTS***

Cash and cash equivalents consist of cash on hand, time and demand deposits and short-term investments maturing within three months of the date of acquisition.

### ***F. INVESTMENTS***

Investments are recorded at fair value. Unrealized gains and losses from changes in fair value are recognized as investment income.

### ***G. INTERFUND TRANSACTIONS***

Transactions between funds have been eliminated in the government-wide financial statements but fully presented within the governmental fund financial statements with no elimination made between or within funds.

Reimbursements are accounted for as expenditures in the reimbursing fund and reductions of expenditures in the reimbursed fund. All other inter-fund transactions in the fund financial statements are transfers on the operating statements of the funds involved. Inter-fund receivables and payables are classified as “due from other funds” or “due to other funds”.

### ***H. PREPAID ITEMS***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets. Prepayments recorded in the governmental funds do not reflect current appropriated resources and, thus, an equivalent portion of the fund balance is reported as nonspendable.

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

*June 30, 2013*

### **I. CAPITAL ASSETS**

In the government-wide financial statements, all capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at estimated fair value at the date of donation. The Town records capital assets that have an initial, individual cost of \$10,000 or more and an estimated useful life in excess of one year.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Land improvements	20
Buildings and building improvements	20-50
Motor vehicles	8-15
Machinery and equipment	5-15
Infrastructure (roads and bridges)	20-65

Capital assets of the component unit consist principally of non-depreciable land. Land of the component unit is stated at cost, if acquired or asset value at date of donation, if donated.

Infrastructure assets include primarily roads and bridges. All known infrastructure assets are included in the financial statements and there are no infrastructure assets reported using the modified approach.

Capital assets used in governmental fund operations are accounted for as expenditures.

### **J. PROPERTY TAXES**

Property taxes are levied each July on (a) one hundred percent of the full and fair value of real and tangible personal property owned within the Town the previous December 31; and, (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the Town the previous calendar year, prorated for the actual number of days registered. Taxes levied during July are payable in quarterly installments by July 31, October 31, January 31 and April 30. Taxes due and unpaid after the respective due dates are subject to interest and penalties. The Town has the ultimate right to foreclose on properties for which taxes have not been paid by the following July 1 when the next year's tax is levied.

Rhode Island General Laws restrict the Town's ability to increase either its total tax levy or its tax rates to no more than 4.00% over that of the preceding year.

## **TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2013*

### ***K. COMPENSATED ABSENCES***

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Sick leave benefits are based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2013.

The entire compensated absence liability is reported on the government-wide financial statements. For the governmental fund financial statements, the amount of accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are due to employees that have resigned or retired.

### ***L. DEFERRED REVENUE***

In the governmental fund financial statements, deferred revenue represents funds received in advance of being owed or receivables which will be collected and included in revenues of future fiscal years.

In the General Fund, deferred revenues relate to delinquent property tax balances less property tax amounts due as of the balance sheet date and received sixty days thereafter.

### ***M. LONG-TERM OBLIGATIONS***

All accrued liabilities and long-term debt are reported in the government-wide financial statements.

For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

### ***N. FUND EQUITY***

#### ***Government-Wide Financial Statements:***

The government-wide financial statements utilize a net position presentation. Net position is segregated into the following three components:

***Net investment in capital assets*** – represents the net value of all capital assets less the outstanding balances of bonds and other debt used to acquire, construct or improve these assets.

## **TOWN OF FOSTER, RHODE ISLAND**

### *Notes to Financial Statements*

*June 30, 2013*

***Restricted*** – represents balances limited to uses specified either externally by creditors, grantors, contributors, laws or regulations of other governments or imposed through constitutional provisions or enabling legislation.

***Unrestricted*** – represents the residual component of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

***Nonspendable Fund Balance*** – This classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash (e.g. prepaid expenditures).

***Restricted Fund Balance*** – This classification includes amounts that have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

***Committed Fund Balance*** – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision- making authority.

***Assigned Fund Balance*** – This classification includes amounts constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed.

***Unassigned Fund Balance*** – This classification is the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to another fund and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Committed fund balances are established, modified or rescinded by a resolution adopted by the taxpayers at a Financial Town Meeting or an ordinance adopted by the Town Council. Assigned fund balances are authorized by the Finance Director. The Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Town considers unrestricted fund balance classifications to be used in the following order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: 1) committed; 2) assigned; and 3) unassigned.

# **TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2013*

## **NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. LEGAL DEBT MARGIN**

The Town's legal debt margin as set forth by State Statute is limited to three percent of total taxable assessed value which approximates \$16,264,882. As of June 30, 2013, the Town's debt is under the limit by \$16,264,882.

### **B. DEFICIT FUND BALANCE IN FUND FINANCIAL STATEMENTS**

The following individual fund reported a deficit in the unassigned fund balance in the fund financial statements at June 30, 2013:

School Lunch	\$(2,055)
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### **C. FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

The Town and School Department participate in various federal financial assistance programs. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Costs, if any, which may be disallowed by the grantor, cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Western Rhode Island Home Repair Program (WRIHRP) was formed as a consortium by the Towns of Foster, Glocester and Scituate to utilize federal Community Development Block Grant (CDBG) funding to assist lower-income homeowners in repairing and making improvements to their homes. In May 2012, the State CDBG program administrators suspended WRIHRP and each participating community from incurring additional obligation/expenditures related to the housing rehabilitation programs in response to uncertainty regarding WRIHRP's compliance with federal and state CDBG program regulations. The WRIHRP officially ceased operations as of June 30, 2013. The Town of Foster has established an agreement with Neighbor Works Blackstone Valley to operate the Town's housing rehabilitation programs, subsequent to June 30, 2013.

## **NOTE 3 – CASH DEPOSITS**

**DEPOSITS** – are in various financial institutions and are carried at cost. The carrying amount of deposits is separately displayed on the Balance Sheet of the fund financial statements and the Statement of Net Position as "Cash and Cash Equivalents".

**TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2013*

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Carrying</u>	<u>Carrying</u>
	<u>Amount</u>	<u>Amount</u>
Total Deposits	\$2,323,105	\$114,238
Add: Petty Cash	720	-
<b>Total Cash and Cash Equivalents Reported</b>	<u>2,323,825</u>	<u>-</u>
<b>in the Financial Statements</b>		<u>\$114,238</u>

**CUSTODIAL CREDIT RISK** – custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk but is governed by State Laws as described below. As of June 30, 2013, \$1,884,240 of the Town’s bank balance of \$2,608,309 was exposed to custodial credit risk as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Bank</u>	<u>Bank</u>
	<u>Balance</u>	<u>Balance</u>
Insured (Federal depository insurance funds)	\$ 724,069	\$ -
Collateralized with securities held by pledging financial institution or its agent in the Town’s name	1,770,002	114,238
Uninsured and uncollateralized	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$2,494,071</u>	<u>\$114,238</u>

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity.

**NOTE 4 – INVESTMENTS**

General Fund investments are governed by Title 35, Chapter 10, Section 11 of the State’s General Laws. This law generally allows for short-term investments, such as certificate of deposits, money market funds, and obligations guaranteed by the United States Government, etc., with the goal of seeking reasonable income while preserving capital. As of June 30, 2013, the Town had the following investments:

**TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2013*

<u><i>Investment</i></u>	<u><i>Maturity</i></u>	<u><i>Component Unit Fair Value</i></u>	<u><i>Rating</i></u>
RI Health and Educational Building Corporation Revenue Bonds 2006A	05/15/2032	\$10,000	Moody's - A2, S&P-AA-
Rhode Island Student Loan Authority Revenue Bonds 2010B	12/01/2024	10,000	Moody's - N/A, S&P-A+
Town of Coventry, RI General Obligation Bonds - 2012	04/01/2025	<u>5,000</u>	Moody's - A1, S&P-N/A
<b><i>Total Investments reported in the Financial Statements</i></b>		<u><u>\$25,000</u></u>	

***Interest Rate Risk*** – The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

***Credit Risk*** – The Town is governed by State Laws that limit investment choices to short-term investments for its public deposits (General Fund). The Town does not have a formal investment policy that would further limit its investment choices.

***Concentration of Credit Risk*** – The Town does not have any policies that limit the amount the Town may invest in any one issuer.

***Custodial Credit Risk*** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy related to custodial credit risk. The Town's investments held by the Town's counterparty are held in the Town's name.



**TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2013*

**NOTE 5 – INTER-FUND TRANSACTIONS**

Inter-fund receivable and payable balances at June 30, 2013 are as follows:

<u><i>Due To:</i></u>	<u><i>Due From:</i></u>				<u><i>Total</i></u>
	<u><i>General Fund</i></u>	<u><i>School Unrestricted Fund</i></u>	<u><i>Other Governmental Funds</i></u>	<u><i>Private Purpose Trust Fund</i></u>	
<i>Governmental activities:</i>					
General	\$ -	\$ -	\$ 15,134	\$ 1,150	\$ 16,284
School Unrestricted	67	-	93,369	-	93,436
Capital Project Fund	25,067	-	-	-	25,067
Other Governmental Funds	24,386	14,769	-	-	39,155
<b><i>Total</i></b>	<u><u>\$ 49,520</u></u>	<u><u>\$ 14,769</u></u>	<u><u>\$ 108,503</u></u>	<u><u>\$ 1,150</u></u>	<u><u>\$ 173,942</u></u>

The balances primarily result from the time lag between the dates the (1) transactions are recorded in the accounting system and (2) payments between funds are made.

Inter-fund transfer balances at June 30, 2013 are as follows:

<u><i>Transfer To:</i></u>	<u><i>Transfer From:</i></u>		<u><i>Total</i></u>
	<u><i>General Fund</i></u>	<u><i>Capital Projects Fund</i></u>	
General	\$ -	\$ 279,500	\$ 279,500
School Unrestricted	2,989,333	-	2,989,333
Other Governmental Funds	341,309	-	341,309
<b><i>Total</i></b>	<u><u>\$3,330,642</u></u>	<u><u>\$ 279,500</u></u>	<u><u>\$ 3,610,142</u></u>

Transfers are used to move revenues from the fund that the budget requires to collect them, to the funds that the budget requires to expend them. For example, the \$2,989,333 transfer is the School appropriation that is budgeted in the General Fund as a revenue source to be transferred to the School Unrestricted Fund and expended.

# TOWN OF FOSTER, RHODE ISLAND

## Notes to Financial Statements

June 30, 2013

### NOTE 6 - INFORMATION ABOUT CAPITAL ASSETS

Capital asset activity for the fiscal year ended June, 30, 2013 was as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>
<b>Primary Government -</b>				
<b>Governmental Activities:</b>				
Nondepreciable assets:				
Land	\$ 161,199	\$ -	\$ -	\$ 161,199
Construction in progress	108,198	1,500	108,198	1,500
<b>Total nondepreciable assets</b>	<b>269,397</b>	<b>1,500</b>	<b>108,198</b>	<b>162,699</b>
Depreciable assets:				
Land improvements	179,766	-	-	179,766
Buildings and improvements	4,297,215	53,097	-	4,350,312
Motor vehicles	2,519,639	328,760	-	2,848,399
Machinery and equipment	760,046	-	-	760,046
Infrastructure - roads and bridges	7,415,310	-	-	7,415,310
<b>Total capital assets</b>	<b>15,441,373</b>	<b>383,357</b>	<b>108,198</b>	<b>15,716,532</b>
Less accumulated depreciation for:				
Land improvements	162,209	2,701	-	164,910
Buildings and improvements	2,182,973	99,383	-	2,282,356
Motor vehicles	2,253,275	81,836	-	2,335,111
Machinery and equipment	588,782	39,707	-	628,489
Infrastructure - roads and bridges	3,792,330	115,374	-	3,907,704
<b>Total accumulated depreciation</b>	<b>8,979,569</b>	<b>339,001</b>	<b>-</b>	<b>9,318,570</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 6,461,804</b>	<b>\$ 44,356</b>	<b>\$ 108,198</b>	<b>\$ 6,397,962</b>
<b>Component Unit:</b>				
Nondepreciable assets:				
Land	\$ 1,936,555	\$ -	\$ -	\$ 1,936,555
<b>Total nondepreciable assets</b>	<b>1,936,555</b>	<b>-</b>	<b>-</b>	<b>1,936,555</b>
<b>Component unit capital assets, net</b>	<b>\$ 1,936,555</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,936,555</b>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
Legislative	\$ 140,397
Public education	70,856
Public safety	71,910
Public works	55,077
Recreation	761
<b>Total governmental activities depreciation expense</b>	<b>\$ 339,001</b>

**TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2013*

**NOTE 7 – LONG-TERM LIABILITIES**

**A. LONG TERM LIABILITIES**

Long term liabilities for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<i>Governmental Activities:</i>					
Capital lease payable	\$ 48,533	\$ -	\$ 23,560	\$ 24,973	\$ 24,973
Accrued compensated absences	461,726	20,517	98,069	384,174	43,428
Net other post-employment benefit obligation	40,978	-	65,220	(24,242)	-
<b>Total Governmental Activities Long-Term Liabilities</b>	<u>\$ 551,237</u>	<u>\$ 20,517</u>	<u>\$ 186,849</u>	<u>\$ 384,905</u>	<u>\$ 68,401</u>
<i>Component Unit (Foster Land Trust):</i>					
Loan payable	\$ 84,167	\$ -	\$ 84,167	\$ -	\$ -
<b>Total Component Unit Long-Term Liabilities</b>	<u>\$ 84,167</u>	<u>\$ -</u>	<u>\$ 84,167</u>	<u>\$ -</u>	<u>\$ -</u>

Payments on the capital leases are made from the General Fund. Accrued compensated absences are paid from the General Fund and School Unrestricted Fund. Payments on the loan are paid from the Foster Land Trust.

**B. LOAN PAYABLE**

The Foster Land Trust entered into a purchase and sales agreement for the purchase of land to be held by the Foster Land Trust. The Foster Land Trust assumed from the seller a loan balance of \$167,500 on July 27, 2010, the purchase settlement date. The loan was payable in two annual installments of \$83,750, which were due July 27, 2011 and July 27, 2012, and is non-interest bearing.

**C. CAPITAL LEASE COMMITMENTS**

The Town acquired three police cars valued at \$75,005 that were financed with a lease purchase agreement.

**TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2013*

Obligations of governmental activities under capital leases at June 30, 2013 were as follows:

<u><i>Fiscal Year Ended June 30,</i></u>	<u><i>Lease Payment Requirements</i></u>
2014	\$26,472
Total minimum lease payments	<u>26,472</u>
Less: Amount representing interest cost	<u>(1,499)</u>
Present value of minimum lease payments	<u><u>\$24,973</u></u>

**NOTE 8 – TRANSCATIONS WITH THE FOSTER LAND TRUST**

For the year ended June 30, 2013, the Town’s General Fund reported the following balances related to the Foster Land Trust:

Due to Foster Land Trust	<u><u>\$4,098</u></u>
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**NOTE 9 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES**

**A. ACCOUNTS RECEIVABLE**

The Town disaggregates significant components of receivables in the financial statements. Receivable balances determined immaterial are included as other receivables. The Town expects to receive all receivables within the subsequent year, except for the Community Development Block Grant loans which are due in accordance with individual loan amortization schedules.

**B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The accounts payable and accrued liabilities at June 30, 2013, were as follows:

	<u><i>Vendors</i></u>	<u><i>Salaries and Benefits</i></u>	<u><i>Other</i></u>	<u><i>Total</i></u>
<i>Governmental activities</i>				
General	\$ 74,812	\$ 81,413	\$ -	\$ 156,225
School Unrestricted	117,511	51,009	1,236	169,756
Other Governmental Funds	<u>39,994</u>	<u>-</u>	<u>-</u>	<u>39,994</u>
<b>Total</b>	<u><u>\$ 232,317</u></u>	<u><u>\$ 132,422</u></u>	<u><u>\$ 1,236</u></u>	<u><u>\$ 365,975</u></u>

# **TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2013*

## **NOTE 10 – FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT**

The Foster-Glocester Regional School District (Regional School) was created to include the high school and middle schools for the Towns of Foster and Glocester (the Towns). The Regional School is a separate legal entity from the Town. The voters of the participating Towns elect the Regional School Committee. The Regional School cannot assess and levy property taxes. Revenues are derived principally from the participating Towns of the Regional School which contribute funds according to a financial formula based upon each Town's enrollment and from the State of Rhode Island. The Town of Foster's contribution for the fiscal year ended June 30, 2013 was \$4,606,652. Financial statements for the Regional School are issued separately and may be obtained from the Foster-Glocester Regional School District Business Office, 1145 Putnam Pike, Chepachet, Rhode Island 02814.

## **NOTE 11 – PROPERTY TAXES**

The Town is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property tax revenue is recognized in accordance with P70, "Property Taxes" of the *Codification of Governmental Accounting and Reporting Standards*, which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than sixty days after the close of the current period.

## **NOTE 12 – RISK MANAGEMENT**

The Town of Foster is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town participates in a nonprofit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism, which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its Members. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years.

**TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

June 30, 2013

The Town also participates in a healthcare self-insurance pool administered by WB Community Health (WBCH). WB Community Health is a not-for-profit organization formed to administer health and dental programs for Rhode Island cities, towns and school districts. Upon joining WBCH each member enters into a member agreement with WBCH that outlines the rights and responsibilities of each member and WBCH.

WBCH is a claims-servicing or account pool, which is an arrangement by which a pool manages separate accounts for each pool member from which the claims and administration costs of each member are paid. This arrangement does not result in the transfer of risk to WBCH or the pooling (sharing) of risk amongst the members of WBCH. The Town is retaining the risk and it recognizes and measures its claims liabilities and related expenditures in accordance with GASB Statement No. 10 because the risk of loss has not been transferred to an unrelated third party. The Town's payments of premiums to WBCH are reported as deposits (other assets) in the General Fund and the deposits are reduced by the claims paid by WBCH on the Town's behalf and the administrative costs paid to WBCH. The premiums are based on "working rates" determined by WBCH based on available funds on deposit and claims experience.

In order to avoid catastrophic losses, the Town purchases specific stop loss re-insurance. Under the stop loss re-insurance, the Town is covered for medical claims in excess of \$175,000 per person per contract period.

The claims liability of \$141,827 reported in the General Fund at June 30, 2013 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability could not be reasonably estimated at June 30, 2011.

Changes in the Town's claims liability for the past two fiscal years were:

	<u><i>Beginning Fiscal Year Liability</i></u>	<u><i>Current Year Claims and Changes In Estimate</i></u>	<u><i>Claims Payments</i></u>	<u><i>Balance Fiscal Year End</i></u>
2011-2012	\$ -	\$661,132	\$630,960	\$ 30,172
2012-2013	\$30,172	\$813,252	\$701,597	\$141,827

# **TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2013*

## **NOTE 13 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS**

The Providence Water Supply Board (PWSB) is the Town's largest taxpayer. The PWSB has filed tax appeals with the Town for both tax classification and valuation of their watershed property. The PWSB has taken the position that the watershed property should be taxed as forest land. The Town taxes the land as an integral part of a commercial water-producing system, which is at a higher rate than if it was taxed as forest land. No litigation has been filed against the Town, but the appeals have been filed since the tax treaty/stabilization agreement between the Town and the PWSB expired. The financial impact to the Town from this appeal cannot be determined at the present time.

During the ordinary course of its operations, the Town is a party to various other claims, legal actions and complaints. The potential liability to the Town, if any, or an evaluation of the outcome of these matters cannot be made at the present time.

## **NOTE 14 – RESTATEMENT**

The Town has restated the prior year Unrestricted net position of the Governmental Activities and the Governmental funds - General Fund nonspendable fund balance for \$692,210 to properly report the other assets with WB Community Health.

## **NOTE 15 – POST RETIREMENT BENEFITS**

### ***Plan Description***

The Town of Foster administers a single-employer, defined benefit post-employment health insurance plan. This plan does not include the pension benefits discussed in Note 16. The plan provides medical and dental insurance for eligible retirees and their dependents through the Town's group health and dental insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the Town and the respective unions. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report. The Town implemented GASB Statement No. 45 in fiscal year 2010 on a prospective basis.

The plan provides the following benefits based on employee group upon retirement:

- Police – Eligible at any age with 20 years of service. The Town pays 40% of individual or family medical until the retiree is Medicare eligible. Employees hired after 7/1/2006 are not eligible for this benefit.

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

June 30, 2013

- Dispatch - Eligible at any age with 20 years of service. The Town pays 40% of individual or family medical for 5 years after retirement if date of retirement was prior to 7/1/2007 or for 7 years after retirement if date of retirement was after 7/1/2007.
- Town Labor Union – Eligible at 58 years of age. The Town pays 40% of individual medical until the retiree is Medicare eligible.
- School Non-Certified – Eligible at 62 years of age with 5 years of service. The retiree pays 100% of medical and dental until the retiree is Medicare eligible.
- School Certified - Eligible at 62 years of age with 5 years of service. If the date of retirement was prior to 7/1/2007, the Town pays 100% of medical and dental until the retiree is Medicare eligible. If the date of retirement was after 7/1/2007, but before 7/1/2012, the Town pays 90% of medical and dental until the retiree is Medicare eligible. If the date of retirement is after 7/1/2012, the Town pays 80% of medical and dental until the retiree is Medicare eligible.

As of September 1, 2013, the plan membership date is as follows:

Active employees	53
Retirees	<u>9</u>
<b>Total</b>	<b><u>62</u></b>

### ***Funding Policy***

Contribution requirements are negotiated between the Town and the respective unions. The Town is required to contribute the cost of medical and dental benefits, less the amount of any applicable employee share of medical or dental premiums. For the year ended June 30, 2013, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members. However, any surplus derived from the Town's medical accounts and any dividends derived from the Town's involvement with WB Community Health as measured by the Treasurer will also be contributed to the Post Employment Benefits Trust Fund until 100% funded in accordance with Town Ordinance. For the fiscal year ended June 30, 2013, the Town contributed \$94,821 to the plan.

### ***Summary of Significant Accounting Policies***

**Basis of Accounting** – The Post Employment Benefits Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.



## **TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2013*

**Method Used to Value Investments** – Investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

### ***Annual OPEB Cost and Net Pension Obligation***

The Town's annual other postemployment benefit (OPEB) cost for the plan is calculated based on the annual required contribution (ARC) for the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation:

Annual required contribution (ARC)	\$29,979
Interest on net OPEB obligation	1,639
Adjustment to annual required contribution	(2,017)
Annual OPEB cost (expense)	29,601
Contributions made	(94,821)
Decrease in net OPEB obligation	(65,220)
Net OPEB obligation – beginning of year	40,978
Negative net OPEB obligation – end of year	\$(24,242)

The Town's contribution to the plan was \$94,821, which is 316.3% of the annual required contribution.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for past three fiscal years were as follows:

<u><i>Fiscal Year Ended</i></u>	<u><i>Annual OPEB Cost</i></u>	<u><i>Percentage of Annual OPEB Cost Contributed</i></u>	<u><i>Net OPEB Obligation</i></u>
June 30, 2011	\$76,166	86.9%	\$22,892
June 30, 2012	78,600	77.0%	40,978
June 30, 2013	29,601	320.3%	(24,242)

### ***Funded Status and Funding Progress***

The funded status of the Town's plan as of July 1, 2012, the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	\$408,554
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability	408,554
Funded ratio (Actuarial Value of Plan Assets / AAL)	0%
Annual Covered Payroll (Active Plan Members)	N/A
UAAL as a Percentage of Covered Payroll	N/A

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

*June 30, 2013*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### ***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members. The actuarial assumptions and methods used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The annual required contribution for the fiscal 2013 was determined as part of the July 1, 2012 actuarial valuation using the entry age cost method. Under this method, the actuarial valuation is allocated on a level basis over future earnings of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability. The actuarial assumptions included: a) 4% discount rate; b) medical trend rate – 9% per year grading down to an ultimate rate of 5.0% in 2016 and c) dental trend rate - 5%. The unfunded actuarial accrued liability as of the July 1, 2012 is being amortized using level percent of payroll on a closed basis based on 30 year amortization.

## **NOTE 16 – PENSION PLANS**

### **A. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND**

Effective July 1, 2012, the Employees' Retirement System of Rhode Island (ERS) was modified to include both defined benefit and defined contribution plan components.

#### **Defined Benefit Plan**

##### ***Plan Description***

All full-time teachers, principals, school nurses and certain other school officials (including the superintendent) of the Foster School Department must participate in ERS, a cost-sharing multiple

## **TOWN OF FOSTER, RHODE ISLAND**

### *Notes to Financial Statements*

*June 30, 2013*

employer defined benefit plan administered by the Employees' Retirement System of Rhode Island (the System). The plan provides retirement, death and disability benefits (as well as annual cost of living allowances if certain conditions have been met) as outlined in Chapters 36-10 and 16-16 of the Rhode Island General Laws (RIGL). The plan also provides a survivor benefit to public school teachers in lieu of Social Security as outlined in sections 16-16-25 through 16-16-38 of the Rhode Island General Laws (RIGL). Spouse, parents, family or children's benefits are payable upon death of a member. In lieu of a survivor benefit, members may opt to receive a lump sum return of their contributions plus interest upon retirement. The benefits may be amended by the Rhode Island General Assembly.

#### ***Funding Policy***

The funding policy is outlined in RIGL sections 16-16-22 and 36-10-2 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 3.75% of his/her compensation. The Foster School Department and the State are collectively required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The employer contribution is split and paid 40% by the State and 60% by the school department, with the exception of teachers who work in federally funded programs where 100% is paid by the school department and reimbursed by the federal government. For fiscal 2013, the total employer rate is 19.29% (7.88% State share and 11.41% local share). The State share of the employer contribution rate includes the total cost of prior contribution deferrals which was .28% for fiscal 2013.

The Foster School Department contributed \$200,160, \$257,967, and \$230,680 during the fiscal years 2013, 2012 and 2011, respectively, equal to 100% of the actuarially required contributions for those respective years. For financial reporting purposes, the State's share of contributions totaling \$138,235 for fiscal year 2013 are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements.

The cost of the survivor's benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the School Department. These contributions are in addition to the contributions required for regular pension benefits.

The Foster School Department contributed \$2,150, \$2,400, and \$2,496 during the fiscal years 2013, 2012 and 2011, respectively, for survivor's benefits equal to 100% of the required contributions for those respective years.

# **TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2013*

## **Defined Contribution Plan**

### ***Plan Description***

Employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF and the Employees' Retirement System of Rhode Island (the System). Employees may choose among various investment options available to plan participants.

Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

### ***Funding Policy***

The funding policy is outlined in RIGL chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 7% of his/her compensation and the employer is required to contribute 3%. The employer contribution is split between the State and the school department. For fiscal 2013, the total employer rate of 3% was split as follows: 0.40% State share and 2.60% local share.

The plan members and Foster School Department contributed \$120,556 and \$50,333, respectively, during the fiscal year ended June 30, 2013. For financial reporting purposes, the State's share of contributions totaling \$7,017 for fiscal year 2013 are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements.

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at [www.ersri.org](http://www.ersri.org).

## **B. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND**

Effective July 1, 2012, the Municipal Employees' Retirement System (MERS) was modified to include both defined benefit and defined contribution plan components. General employees participate in a hybrid plan that combines both a defined benefit plan and a defined contribution plan. Police and fire employees participate only in the defined benefit plan unless they do not participate in Social Security in which case they also participate in the defined contribution plan.

# **TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2013*

## **Defined Benefit Plan**

### ***Plan Description***

All full-time Town of Foster employees, except for those certified employees who participate in the ERS, participate in MERS, an agent multiple-employer defined benefit plan administered by the Employees' Retirement System of Rhode Island (the System). The plan provides retirement, death and disability benefits and an optional cost of living adjustment (COLA) as outlined in Chapter 45-21 and Chapter 45-21.2 of the Rhode Island General Laws (RIGL). The benefits may be amended by the Rhode Island General Assembly.

***General Employees Retirement Eligibility and Plan Benefits*** – Service credits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act. Beginning July 1, 2012, members receive a benefit accrual of 1.0% per year. Effective July 1, 2012 the retirement age mirrors the Social Security Normal Retirement Age not to exceed age 67. Benefits are based on the five-year average compensation multiplied by the accumulated service credit percentage. Joint and survivor retirement benefit options are available.

***Police and Fire Retirement Eligibility and Plan Benefits*** – Effective July 1, 2012 the benefit accrual for all plans is 2.0% per year based on the five-year average compensation, exclusive of overtime. Retirement age is 55 years old with 25 years of total service or for members with five years of service but less than 25 years of service the new retirement age will mirror the Social Security Normal Retirement Age not to exceed 67. Police officers or firefighters who were at least 45 years old, had 10 or more years of contributing service and were eligible to retire prior to age 52 under the law in effect on June 30, 2012, may retire at age 52. Police and fire employees may retire with a reduced pension benefit if they have 20 years of service and are within five years of their retirement eligibility. The actuarially reduced benefit is calculated based on how close the member is to the eligibility date that is prescribed in the Rhode Island Retirement Security Act. Joint and survivor retirement benefit options are available.

***Cost of Living Adjustments*** – Pursuant to the Rhode Island Retirement Security Act, the Cost of Living Adjustment (COLA) has been suspended for any unit whose funding level is less than 80%. The COLA provision can be reviewed in a five-year interval. When the funding level of a plan exceeds 80%, eligible retirees may receive a COLA annually effective on their date of retirement plus one month. The COLA will be calculated as the five (5) year smoothed investment rate of return less 5.50%, with a 0.00% floor and a 4.00% cap. COLA will be delayed until the later of age 55 or three years after retirement. The COLA will be applied to the first \$25,000 of benefits indexed annually.

***Disability Retirement Provisions*** – The plan also provides nonservice-connected disability benefits after 5 years of service and service-connected disability pensions with no minimum service requirement.

**TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2013*

***Funding Policy***

The funding policy is outlined in RIGL sections 45-21-41, 45-21-42, 45-21-52, and 45-21.2-14 (which can be amended by the Rhode Island General Assembly). Active general employees must contribute 1% of his/her compensation. Active police and fire members must contribute 8% of his/her compensation. The Town is required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The rates for fiscal year 2013 were as follows: general employees 10.84% and police 16.62%.

***Annual Pension Cost***

The Town's annual pension cost of \$187,302 for MERS was equal to the Town's required and actual contributions.

***Three-Year Trend Information***

**GENERAL MUNICIPAL EMPLOYEES**

<u><i>Fiscal Year</i></u>	<u><i>Annual Pension Cost (APC)</i></u>	<u><i>Percentage of APC Contributed</i></u>	<u><i>Net Pension Obligation</i></u>
2011	\$ 84,266	100%	\$ -
2012	\$ 96,040	100%	\$ -
2013	\$122,719	100%	\$ -

**POLICE OFFICERS**

<u><i>Fiscal Year</i></u>	<u><i>Annual Pension Cost (APC)</i></u>	<u><i>Percentage of APC Contributed</i></u>	<u><i>Net Pension Obligation</i></u>
2011	\$73,884	100%	\$ -
2012	\$87,324	100%	\$ -
2013	\$64,583	100%	\$ -

The required contribution for fiscal 2013 was determined as part of the actuarial valuation performed as of June 30, 2010. The most recent valuation of the plans within the system was performed as of June 30, 2012. The actuarial methods and assumptions used in those valuations are summarized in the following table.

# TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2013

## Summary of Actuarial Assumptions Used in the MERS June 30, 2010 and June 30, 2012 Valuations

<b>Actuarial Cost Method</b>	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.	
<b>Amortization Method</b>	Level Percent of Payroll – Closed	
<b>Equivalent Single Remaining Amortization Period</b>	25 years as of June 30, 2010 23 years as of June 30, 2012	
<b>Asset Valuation Method</b>	5 Year Smoothed Market	
<b>Actuarial Assumptions:</b>		
<b>Investment Rate of Return</b>	7.50%	
<b>Projected Salary Increases</b>	<u>General Employees</u>	<u>Police &amp; Fire Employees</u>
	4.00% to 8.00%	4.25% to 14.25%
<b>Inflation</b>	2.75%	

Cost of Living Adjustments are equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the later of Social Security eligibility age or 3 years after retirement. For MERS Police and Fire, COLA is delayed until the later of age 55 or 3 years after retirement. A 2% COLA is assumed after July 1, 2012.

### ***Funded Status and Funding Progress***

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

<i>Actuarial Valuation Date June 30, 2012</i>	<i>Actuarial Value of Assets (a)</i>	<i>Actuarial Accrued Liability (AAL) – Entry Age (b)</i>	<i>Unfunded AAL (UAAL) (b-a)</i>	<i>Funded Ratio (a/b)</i>	<i>Covered Payroll (c)</i>	<i>UAAL as a Percentage of Covered Payroll ((b-a)/c)</i>
General Municipal Employees	\$3,093,180	\$3,520,649	\$427,469	87.9%	\$1,060,801	40.3%
Police Officers	\$2,467,819	\$3,691,408	\$1,223,589	66.9%	\$382,545	319.9%

## **TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2013*

### **Defined Contribution Plan**

#### ***Plan Description***

General employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF and the Employees' Retirement System of Rhode Island (the System). Employees may choose among various investment options available to plan participants.

Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

#### ***Funding Policy***

The funding policy is outlined in RIGL chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Active general employees must contribute 5% of his/her compensation and the Town is required to contribute 1%. The plan members and Town contributed \$56,615 and \$11,322, respectively, during the fiscal year ended June 30, 2013.

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at [www.ersri.org](http://www.ersri.org).



## **REQUIRED SUPPLEMENTARY INFORMATION**

**Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:**

*Budgetary Comparison Schedules – General Fund and School Unrestricted Fund*

*Schedule of Funding Progress – Pension Plan and Other Post-Employment Benefit Plan*

**In addition, the notes to the required supplementary information are included to provide information that is essential to a user’s understanding of the required supplementary information.**

**TOWN OF FOSTER, RHODE ISLAND**  
*General Fund*  
*Schedule of Revenues and Expenditures - Budget and Actual*  
*For the Fiscal Year Ended June 30, 2013*

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
<b><u>Revenues</u></b>				
Real estate and personal property tax	\$ 11,034,000	\$ 11,034,000	\$ 11,019,525	\$ (14,475)
Tax exemption 45-13-51	435	435	461	26
Hotel tax	13,000	13,000	13,074	74
Motor vehicle excise phase-out	69,333	69,333	66,251	(3,082)
Public utilities sharing	45,000	45,000	57,295	12,295
Licenses and permits	55,000	55,000	67,590	12,590
Building and zoning fees	30,000	30,000	27,246	(2,754)
Fines and interest on late payments	60,000	60,000	88,753	28,753
Interest on investments	1,000	1,000	1,827	827
Other revenues	53,500	53,500	59,491	5,991
<b><i>Total revenues</i></b>	<b>11,361,268</b>	<b>11,361,268</b>	<b>11,401,513</b>	<b>40,245</b>
<b><u>Other Financing Sources</u></b>				
Transfer from capital projects fund	279,500	279,500	279,500	-
<b><i>Total other financing sources</i></b>	<b>279,500</b>	<b>279,500</b>	<b>279,500</b>	<b>-</b>
<b><i>Total revenues and other financing sources</i></b>	<b>\$ 11,640,768</b>	<b>\$ 11,640,768</b>	<b>\$ 11,681,013</b>	<b>\$ 40,245</b>
<b><u>Expenditures</u></b>				
<b><i>Legislative, Judicial and General</i></b>				
<b><i>Administrative</i></b>				
Salaries	\$ 236,790	\$ 236,790	\$ 233,405	\$ 3,385
Benefits	109,985	109,985	105,783	4,202
Town council expenses	850	850	616	234
Town clerk expenses	3,200	3,200	3,703	(503)
Board of canvassers expenses	1,500	1,500	710	790
Election expenses	6,000	6,000	6,702	(702)
Education expense	750	750	1,370	(620)
Municipal code maintenance expense	1,000	1,000	-	1,000
Equipment	3,000	3,000	3,052	(52)
Sealer of weights and measures	250	250	144	106
<b><i>Total legislative, judicial and general administrative</i></b>	<b>363,325</b>	<b>363,325</b>	<b>355,485</b>	<b>7,840</b>

*(Continued)*

*The notes to the required supplementary information are an integral part of this schedule.*

**TOWN OF FOSTER, RHODE ISLAND**

*General Fund*

*Schedule of Revenues and Expenditures - Budget and Actual (Continued)*

*For the Fiscal Year Ended June 30, 2013*

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
<b><i>Finance Administration</i></b>				
Finance salaries	130,962	130,962	122,740	8,222
Finance benefits	49,108	49,108	42,933	6,175
Finance department education	1,500	1,500	551	949
Finance department office expenses	2,200	2,200	1,573	627
Finance computer and support	3,425	3,425	3,425	-
Tax collector's postage/advertising	3,000	3,000	2,751	249
Assessor's salary	28,005	28,005	28,005	-
Assessor's benefits	5,494	5,494	5,496	(2)
Assessment review board	300	300	300	-
Assessor's education expense	345	345	305	40
Assessor's office supplies	1,615	1,615	1,642	(27)
Assessor's postage/tax bills	4,450	4,450	4,670	(220)
Assessor's travel	555	555	-	555
Assessor's computer and support	5,450	5,450	5,425	25
<b><i>Total finance administration</i></b>	<b>236,409</b>	<b>236,409</b>	<b>219,816</b>	<b>16,593</b>
<b><i>Miscellaneous Administration</i></b>				
Audit	14,250	14,250	12,739	1,511
OPEB actuarial valuation	3,250	3,250	2,450	800
Electric	22,000	22,000	18,998	3,002
Heating fuel	22,750	22,750	11,809	10,941
Telephone	16,000	16,000	18,700	(2,700)
Purchased services/contract	26,650	26,650	28,787	(2,137)
Contingency	15,000	15,000	12,184	2,816
OPEB transfer/funding	30,000	30,000	30,000	-
Casualty and liability insurance	100,000	100,000	91,990	8,010
<b><i>Total miscellaneous administration</i></b>	<b>249,900</b>	<b>249,900</b>	<b>227,657</b>	<b>22,243</b>
<b><i>Health and Welfare</i></b>				
Human service salary	16,251	16,251	16,251	-
Benefits	1,279	1,279	1,281	(2)
Office expense	450	450	467	(17)
Travel	200	200	180	20
Gateway	2,524	2,524	2,524	-
Comprehensive Community Action	10,500	10,500	10,500	-
CAST	4,922	4,922	4,922	-
<b><i>Total health and welfare</i></b>	<b>36,126</b>	<b>36,126</b>	<b>36,125</b>	<b>1</b>

*(Continued)*

*The notes to the required supplementary information are an integral part of this schedule.*

**TOWN OF FOSTER, RHODE ISLAND**

*General Fund*

*Schedule of Revenues and Expenditures - Budget and Actual (Continued)*

*For the Fiscal Year Ended June 30, 2013*

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
<b>Public Safety</b>				
Police salaries	447,026	447,026	461,536	(14,510)
Dispatchers salaries	201,469	201,469	192,048	9,421
Police/dispatchers - benefits	230,914	230,914	229,247	1,667
Police - fuel and lube oil	35,000	35,000	29,731	5,269
Police - tires	2,000	2,000	1,667	333
Police - parts and repairs	9,000	9,000	9,483	(483)
Police radio maintenance	2,000	2,000	161	1,839
Police department operations	8,200	8,200	9,307	(1,107)
Police - computer services	15,000	15,000	18,109	(3,109)
Police uniforms	9,100	9,100	10,427	(1,327)
Police office expense	3,500	3,500	3,596	(96)
Police education allowance	5,000	5,000	1,125	3,875
Police new equipment	3,000	3,000	2,827	173
Foster Ambulance Corps	65,360	65,360	65,360	-
South Foster Fire Company	53,841	53,841	53,841	-
Foster Center Fire Company	53,400	53,400	53,400	-
Moosup Valley Fire Company	58,575	58,575	58,575	-
Ambulance Corp. stipend	18,000	18,000	18,000	-
Public safety training	10,000	10,000	9,912	88
Engineering board	1,500	1,500	1,129	371
Dog Officer - salary	15,190	15,190	15,190	-
Dog Officer - fuel and lube oil	1,500	1,500	-	1,500
Dog Officer - parts and repairs	1,250	1,250	431	819
Dog Officer - benefits	8,534	8,534	8,439	95
Dog Officer - uniforms	400	400	200	200
Pound fees	10,000	10,000	10,000	-
FTM increase	1,000	1,000	-	1,000
Civil defense	200	200	-	200
Federal grant	-	-	660	(660)
<b>Total public safety</b>	<b>1,269,959</b>	<b>1,269,959</b>	<b>1,264,401</b>	<b>5,558</b>
<b>Public Works</b>				
Salaries	324,216	324,216	308,197	16,019
Benefits	157,722	157,722	163,298	(5,576)
Professional services	2,500	2,500	4,438	(1,938)
Uniforms	5,200	5,200	7,435	(2,235)
Fuel and oil	48,500	48,500	55,627	(7,127)
Parts and repairs	39,000	39,000	33,830	5,170
Tires	4,000	4,000	4,457	(457)
Grader and plow blades	4,000	4,000	2,962	1,038
Sand and salt	57,000	57,000	47,683	9,317
Road oil	10,000	10,000	-	10,000

*(Continued)*

*The notes to the required supplementary information are an integral part of this schedule.*

**TOWN OF FOSTER, RHODE ISLAND**

*General Fund*

*Schedule of Revenues and Expenditures - Budget and Actual (Continued)*

*For the Fiscal Year Ended June 30, 2013*

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Asphalt mix	5,000	5,000	4,162	838
Welding	1,000	1,000	1,985	(985)
Rental equipment	1,000	1,000	-	1,000
Safety	500	500	-	500
Education expense	250	250	135	115
Radio repairs	1,000	1,000	-	1,000
Office supplies	500	500	1,593	(1,093)
Gravel	26,000	26,000	21,004	4,996
Buildings and grounds	25,000	25,000	30,175	(5,175)
Equipment	5,000	5,000	2,899	2,101
Pea stone	4,000	4,000	320	3,680
Pipe	3,000	3,000	940	2,060
Road signs	1,500	1,500	1,087	413
Other road material	1,000	1,000	288	712
Department operation expense	2,500	2,500	2,004	496
RI Resource Recovery	75,000	75,000	65,048	9,952
Disposal	217,042	217,042	217,042	-
Recycling program	1,500	1,500	425	1,075
<b><i>Total public works</i></b>	<b><u>1,022,930</u></b>	<b><u>1,022,930</u></b>	<b><u>977,034</u></b>	<b><u>45,896</u></b>
<b><i>Building and Zoning</i></b>				
Salaries	33,633	33,633	33,633	-
Benefits	5,494	5,494	5,496	(2)
Department expense	6,625	6,625	5,606	1,019
<b><i>Total building and zoning</i></b>	<b><u>45,752</u></b>	<b><u>45,752</u></b>	<b><u>44,735</u></b>	<b><u>1,017</u></b>
<b><i>Planning</i></b>				
Salaries	29,023	29,023	29,239	(216)
Benefits	5,693	5,693	5,783	(90)
Education expense	550	550	445	105
Advertising/fees	800	800	335	465
Professional services	18,000	18,000	9,397	8,603
Office expense	1,500	1,500	550	950
Computer software	1,000	1,000	771	229
<b><i>Total planning</i></b>	<b><u>56,566</u></b>	<b><u>56,566</u></b>	<b><u>46,520</u></b>	<b><u>10,046</u></b>
<b><i>Conservation</i></b>				
Conservation commission	1,425	1,425	1,171	254
<b><i>Total conservation</i></b>	<b><u>1,425</u></b>	<b><u>1,425</u></b>	<b><u>1,171</u></b>	<b><u>254</u></b>

*(Continued)*

*The notes to the required supplementary information are an integral part of this schedule.*

**TOWN OF FOSTER, RHODE ISLAND**

*General Fund*

*Schedule of Revenues and Expenditures - Budget and Actual (Continued)*

*For the Fiscal Year Ended June 30, 2013*

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
<b>Recreation</b>				
Salaries	1,400	1,400	1,400	-
Mailing and advertising	900	900	309	591
Maintenance and repairs	4,100	4,100	3,830	270
Equipment and rental	1,800	1,800	1,596	204
Sports/activities	12,300	12,300	11,382	918
Memorial Day parade	300	300	-	300
Senior citizens	3,000	3,000	3,000	-
<b>Total recreation</b>	<b>23,800</b>	<b>23,800</b>	<b>21,517</b>	<b>2,283</b>
<b>School</b>				
Regional operations	3,924,958	3,924,958	3,924,958	-
Regional debt service	681,694	681,694	681,694	-
<b>Total school</b>	<b>4,606,652</b>	<b>4,606,652</b>	<b>4,606,652</b>	<b>-</b>
<b>Libraries</b>				
Libraries of Foster	140,219	140,219	140,219	-
<b>Total libraries</b>	<b>140,219</b>	<b>140,219</b>	<b>140,219</b>	<b>-</b>
<b>Land Trust</b>				
Land trust expenditures	2,630	2,630	2,444	186
<b>Total land trust</b>	<b>2,630</b>	<b>2,630</b>	<b>2,444</b>	<b>186</b>
<b>Capital Expenditures</b>				
Town Clerk	10,000	10,000	10,000	-
Assessor	29,000	29,000	29,000	-
Police	26,500	26,500	26,472	28
Public works highway	100,000	100,000	100,000	-
Engineering board	75,000	75,000	74,961	39
Isaac Paine School	39,000	39,000	39,000	-
<b>Total capital expenditures</b>	<b>279,500</b>	<b>279,500</b>	<b>279,433</b>	<b>67</b>
<b>Total expenditures</b>	<b>8,335,193</b>	<b>8,335,193</b>	<b>8,223,209</b>	<b>111,984</b>
<b>Other Financing Uses</b>				
Transfer to school department fund	2,989,333	2,989,333	2,989,333	-
Transfer to capital projects fund	316,242	316,242	316,242	-
<b>Total other financing uses</b>	<b>3,305,575</b>	<b>3,305,575</b>	<b>3,305,575</b>	<b>-</b>
<b>Total expenditures and other financing uses</b>	<b>\$ 11,640,768</b>	<b>\$ 11,640,768</b>	<b>\$ 11,528,784</b>	<b>\$ 111,984</b>

*The notes to the required supplementary information are an integral part of this schedule.*

**TOWN OF FOSTER, RHODE ISLAND**

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

*School Unrestricted Fund*

*For the Fiscal Year Ended June 30, 2013*

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
State aid	\$ 1,183,052	\$ 1,183,052	\$ 1,210,679	\$ 27,627
Other revenues	38,654	38,654	47,465	8,811
<b>Total revenues</b>	<u>1,221,706</u>	<u>1,221,706</u>	<u>1,258,144</u>	<u>36,438</u>
<b>Expenditures</b>				
Education	4,211,039	4,211,039	4,227,412	(16,373)
<b>Total expenditures</b>	<u>4,211,039</u>	<u>4,211,039</u>	<u>4,227,412</u>	<u>(16,373)</u>
<b>Deficiency of revenues under expenditures before other financing sources</b>	<u>(2,989,333)</u>	<u>(2,989,333)</u>	<u>(2,969,268)</u>	<u>20,065</u>
<b>Other financing sources</b>				
Town appropriation	2,989,333	2,989,333	2,989,333	-
<b>Total other financing sources</b>	<u>2,989,333</u>	<u>2,989,333</u>	<u>2,989,333</u>	<u>-</u>
<b>Excess of revenues and other financing sources over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	20,065	<u>\$ 20,065</u>
<b>Fund balance - beginning of year</b>			<u>8,793</u>	
<b>Fund balance - end of year</b>			<u>\$ 28,858</u>	

*The notes the required supplementary information are an integral part of this schedule.*

**TOWN OF FOSTER, RHODE ISLAND**

*Required Supplementary Information - Pension Plans and Other Post-Employment Benefit Plan*

*Schedule of Funding Progress (1)*

*"Unaudited"*

	<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) -Entry Age</i>	<i>Unfunded Liability/ (Funding Excess)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>Unfunded Liability/ (Funding Excess) as a Percentage of Covered Payroll</i>
<b><i>Police Officers Pension Plan (2) (3)</i></b>							
	6/30/10	\$ 2,146,822	\$ 2,760,951	\$ 614,129	77.8%	\$ 387,309	158.6%
	6/30/11	2,158,922	2,416,065	257,143	89.4%	407,423	63.1%
	6/30/12	2,467,819	3,691,408	1,223,589	66.9%	382,545	319.9%
<b><i>General Municipal Employees Pension Plan (2) (3)</i></b>							
	6/30/10	\$ 2,925,997	\$ 3,461,204	\$ 535,207	84.5%	\$ 1,259,454	42.5%
	6/30/11	2,964,487	3,647,658	683,171	81.3%	1,190,587	57.4%
	6/30/12	3,093,180	3,520,649	427,469	87.9%	1,060,801	40.3%
<b><i>Other Post-Employment Benefit Plan</i></b>							
	7/1/09	\$ -	\$ 780,502	\$ 780,502	0.0%	N/A	N/A
	7/1/12	-	408,554	408,554	0.0%	N/A	N/A

(1) The information included in the schedule of funding progress was obtained from the annual actuarial valuation at the date indicated.

(2) The June 30, 2010 and 2011 actuarial valuation amounts reflect the comprehensive pension reform changes enacted by the Rhode Island General Assembly in November 2011. The original June 30, 2010 actuarial valuation amounts were revised to reflect the pension reform changes.

(3) The assumptions used in the 6/30/12 actuarial valuation are consistent with the 2011 valuation, with the exception of certain assumption changes that resulted from the enactment of the RI Retirement Security Act of 2011.



**TOWN OF FOSTER, RHODE ISLAND**  
Notes to Required Supplementary Information

**NOTE 1 - SCHEDULE OF FUNDING PROGRESS**

*The information presented in the required supplementary schedules was determined as part of the annual actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:*

	<i>General Municipal Employees Pension Plan</i>	<i>Police Officers Pension Plan</i>
	<hr/>	<hr/>
Valuation date	6/30/2012	6/30/2012
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level percent of payroll - closed	Level percent of payroll - closed
Amortization period	25 year period from June 30, 2010 or 23 years as of the valuation date	25 year period from June 30, 2010 or 23 years as of the valuation date
Asset valuation method	Market value of assets with a 5-year phase-in of actual investment return in excess of (less than) expected investment income	Market value of assets with a 5-year phase-in of actual investment return in excess of (less than) expected investment income
Actuarial assumptions:		
Investment rate of return	7.5%, compounded annually, composed of an assumed 2.75% inflation rate and a 4.75% net real rate of return	7.5%, compounded annually, composed of an assumed 2.75% inflation rate and a 4.75% net real rate of return
Projected salary increases	The sum of a 4% wage inflation assumption (composed of a 2.75% price inflation assumption, and a 1.25% additional general increase) and service related component	The sum of a 4.25% wage inflation assumption (composed of a 2.75% price inflation assumption, and a 1.5% additional general increase) and service related component
Cost-of-living adjustments	Assumed to be 2% per annum for all units. The actual COLA will be determined based on the plan's 5-year average investment rate minus 5.5% and will range from 0% to 4%	Assumed to be 2% per annum for all units. The actual COLA will be determined based on the plan's 5-year average investment rate minus 5.5% and will range from 0% to 4%
Participant information	Active employees                                 34 Retirees and beneficiaries <u>21</u> <u>55</u>	Active employees                                 8 Retirees and beneficiaries <u>5</u> <u>13</u>

*(Continued)*

**TOWN OF FOSTER, RHODE ISLAND**  
*Notes to Required Supplementary Information (Continued)*

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*The information presented in the required supplementary schedules was determined as part of the annual actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:*

	<u>Other Postemployment Benefit Plan</u>
Valuation date	7/1/2012
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll over a closed period
Amortization period	30 years - 24.03 years remaining at 6/30/2013
Asset valuation method	Not applicable - the plan has no assets
Actuarial assumptions:	
Investment rate of return	Not applicable
Discount rate	4%
Projected salary increases	3.50% annually
Medical Trend Rate	9% graded down 1% per annum to an ultimate rate of 5% for years 2016 and later
Dental Trend Rate	5%
Participant information	
	Active employees                      53
	Retirees and beneficiaries            9
	<u>  62</u>

**TOWN OF FOSTER, RHODE ISLAND**  
*Notes to Required Supplementary Information*  
 June 30, 2013

**NOTE 2 - BUDGETARY DATA AND BUDGETARY COMPLIANCE**

The Town has formally established budgetary accounting control for its General Fund and the School Unrestricted Fund, which is a Special Revenue Fund. All budget requests must be submitted to the Town Council by March 1. The Town Council shall obtain from the head of each department, office and agency estimates of its revenues and expenditures and supporting data as it may request. The Town Council's proposed budget shall show all anticipated revenues and all proposed expenditures. The Town Council shall hold a public hearing on its preliminary recommended budget, prior to its adoption, at least 30 days prior to the Annual Financial Town Meeting. The Town Council shall adopt its recommended budget for presentation at the Annual Financial Town Meeting not later than fifteen days preceding its date. The recommended budget is approved or amended by the voters at the Annual Financial Town Meeting. The General Fund and School Unrestricted Fund annual operating budget amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. The legal level of control for the General Fund is at the department level and the School Unrestricted Fund is at the fund level. Amendments that would change the total appropriation must be approved by the voters at a Financial Town Meeting. There were no supplemental budgetary appropriations in fiscal year 2013. Appropriations which are not expended or encumbered lapse at year end.

The General Fund and School Unrestricted Fund budgets are in conformity with the legally enacted budgetary basis, which is not in conformity with generally accepted accounting principles. The budget to actual presentations for these funds are reflected on the budgetary basis. The difference between the budgetary basis and the generally accepted accounting principles basis is explained below.

***Explanation of Differences between Budgetary Revenues and Other Financing Sources and Expenditures and Other Financing Uses and GAAP Revenues and Other Financing Sources and Expenditures and Other Financing Uses***

<u><b>Revenues and Other Financing Sources</b></u>	<u><b>General Fund</b></u>	<u><b>School Unrestricted Fund</b></u>
Actual amounts (budgetary basis)	\$11,681,013	\$4,247,477
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of Foster are not reported as budgetary revenue, but are a current year revenue for financial reporting purposes.	-	145,252

**TOWN OF FOSTER, RHODE ISLAND**  
*Notes to Required Supplementary Information*  
 June 30, 2013

<u><b>Revenues and Other Financing Sources</b></u>	<u><b>General Fund</b></u>	<u><b>School Unrestricted Fund</b></u>
Unbudgeted revenues not included for budgetary purposes, but included for financial reporting purposes.	823	-
<b><i>Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds</i></b>	<u><u>\$11,681,836</u></u>	<u><u>\$4,392,729</u></u>
<u><b>Expenditures and Other Financing Uses</b></u>	<u><b>General Fund</b></u>	<u><b>School Unrestricted Fund</b></u>
Actual amounts (budgetary basis)	\$11,528,784	\$4,227,412
Differences – budget to GAAP: Capital appropriations may be carried over for 2 years from the date the appropriation is made. Capital appropriations carried over are reflected as a budgetary expenditure, but are not a current year expenditure for financial reporting purposes.	18,062	-
Unbudgeted expenditures and transfers not included for budgetary purposes, but included for financial reporting purposes.	140,744	-
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of Foster are not reported as a budgetary expenditure, but are a current year expenditure for financial reporting purposes.	-	145,252
<b><i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i></b>	<u><u>\$11,687,590</u></u>	<u><u>\$4,372,664</u></u>

**OTHER SUPPLEMENTARY INFORMATION**

**The information  
provided herein contains  
schedules which the Town deems  
necessary to provide additional disclosures.**

**THIS SECTION CONTAINS THE FOLLOWING:**

*Combining Fund Financial Statements for Nonmajor Governmental Funds*

*Combining Fund Financial Statements for Fiduciary Funds*

*Other Supplementary Information*

**TOWN OF FOSTER, RHODE ISLAND**

*Nonmajor Governmental Funds*

*Combining Balance Sheet*

*June 30, 2013*

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	<i>Town Special Revenue Funds</i>	<i>School Special Revenue Funds</i>	<i>Total Nonmajor Governmental Funds</i>
<b>ASSETS</b>			
Cash	\$ 250,165	\$ 42,117	\$ 292,282
Due from federal and state governments	52,852	45,327	98,179
Due from other funds	20,517	18,638	39,155
Accounts receivable	41,208	-	41,208
<b><i>Total assets</i></b>	<b><u>\$ 364,742</u></b>	<b><u>\$ 106,082</u></b>	<b><u>\$ 470,824</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b><i>Liabilities</i></b>			
Accounts payable and accrued expenses	39,994	-	39,994
Due to other funds	15,135	93,368	108,503
Deferred revenue	39,258	-	39,258
<b><i>Total liabilities</i></b>	<b><u>94,387</u></b>	<b><u>93,368</u></b>	<b><u>187,755</u></b>
 <b><i>Fund balances</i></b>			
Restricted for:			
Education programs	-	14,769	14,769
Historical records preservation	64,636	-	64,636
Health and welfare programs	10,902	-	10,902
Public safety programs	12,755	-	12,755
Other programs	14,502	-	14,502
Committed for:			
Townhouse maintenance	13,436	-	13,436
Recycling programs	8,104	-	8,104
Open space and conservation	146,020	-	146,020
Unassigned	-	(2,055)	(2,055)
<b><i>Total fund balances</i></b>	<b><u>270,355</u></b>	<b><u>12,714</u></b>	<b><u>283,069</u></b>
 <b><i>Total liabilities and fund balances</i></b>	 <b><u>\$ 364,742</u></b>	 <b><u>\$ 106,082</u></b>	 <b><u>\$ 470,824</u></b>

**TOWN OF FOSTER, RHODE ISLAND**  
*Nonmajor Governmental Funds*  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2013

	<i>Town Special Revenue Funds</i>	<i>School Special Revenue Funds</i>	<i>Total Nonmajor Governmental Funds</i>
<b>Revenues</b>			
Intergovernmental and departmental revenue	\$ 55,216	\$ 202,352	\$ 257,568
Interest on investments	209	-	209
Other revenue	12,744	37,829	50,573
<b>Total revenues</b>	<u>68,169</u>	<u>240,181</u>	<u>308,350</u>
<b>Expenditures</b>			
Legislative, judicial and general administrative	6,466	-	6,466
Health and welfare	40,696	-	40,696
Public safety	8,081	-	8,081
Education	-	169,928	169,928
Food service	-	68,412	68,412
<b>Total expenditures</b>	<u>55,243</u>	<u>238,340</u>	<u>293,583</u>
<b>Net change in fund balance</b>	12,926	1,841	14,767
<b>Fund balances - beginning of year</b>	257,429	10,873	268,302
<b>Fund balances - end of year</b>	<u>\$ 270,355</u>	<u>\$ 12,714</u>	<u>\$ 283,069</u>

**TOWN OF FOSTER, RHODE ISLAND**

*Town Special Revenue Funds*

*Combining Balance Sheet*

*June 30, 2013*

	<i>Community Development Block Grant</i>	<i>Historical Records</i>	<i>MHRH Grant</i>	<i>Technology Recording Fee</i>	<i>DARE</i>	<i>Townhouse Trust</i>
<b>ASSETS</b>						
Cash	\$ 2,392	\$ 10,529	\$ -	\$ 52,300	\$ 1,818	\$ 23,565
Due from federal and state governments	39,667	-	254	-	-	-
Due from other funds	-	288	-	1,519	1,000	-
Accounts receivable	39,258	-	1,950	-	-	-
<b>Total assets</b>	<b>\$ 81,317</b>	<b>\$ 10,817</b>	<b>\$ 2,204</b>	<b>\$ 53,819</b>	<b>\$ 2,818</b>	<b>\$ 23,565</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued expenditures	39,667	-	-	-	-	-
Due to other funds	-	-	2,204	-	-	-
Deferred revenue	39,258	-	-	-	-	-
<b>Total liabilities</b>	<b>78,925</b>	<b>-</b>	<b>2,204</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>						
Restricted for:						
Historical records preservation	-	10,817	-	53,819	-	-
Health and welfare programs	2,392	-	-	-	-	-
Public safety programs	-	-	-	-	2,818	-
Other programs	-	-	-	-	-	10,129
Committed for:						
Townhouse maintenance	-	-	-	-	-	13,436
Recycling programs	-	-	-	-	-	-
Open space and conservation	-	-	-	-	-	-
<b>Total fund balances</b>	<b>2,392</b>	<b>10,817</b>	<b>-</b>	<b>53,819</b>	<b>2,818</b>	<b>23,565</b>
<b>Total liabilities and fund balances</b>	<b>\$ 81,317</b>	<b>\$ 10,817</b>	<b>\$ 2,204</b>	<b>\$ 53,819</b>	<b>\$ 2,818</b>	<b>\$ 23,565</b>

*(Continued)*



**TOWN OF FOSTER, RHODE ISLAND**

*Town Special Revenue Funds*

*Combining Balance Sheet (Continued)*

*June 30, 2013*

	<i>Payments in-Lieu of Land</i>	<i>EMA</i>	<i>Human Services Special Needs</i>	<i>RI Resource Recovery Grant</i>	<i>Police Grants</i>	<i>Total</i>
<b>ASSETS</b>						
Cash	\$ 143,350	\$ -	\$ 3,734	\$ 12,477	\$ -	\$ 250,165
Due from federal and state governments	-	-	-	-	12,931	52,852
Due from other funds	2,670	9,937	5,103	-	-	20,517
Accounts receivable	-	-	-	-	-	41,208
<b>Total assets</b>	<b>\$ 146,020</b>	<b>\$ 9,937</b>	<b>\$ 8,837</b>	<b>\$ 12,477</b>	<b>\$ 12,931</b>	<b>\$ 364,742</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued expenditures	-	-	327	-	-	39,994
Due to other funds	-	-	-	-	12,931	15,135
Deferred revenue	-	-	-	-	-	39,258
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>327</b>	<b>-</b>	<b>12,931</b>	<b>94,387</b>
<b>Fund balances</b>						
Restricted for:						
Historical records preservation	-	-	-	-	-	64,636
Health and welfare programs	-	-	8,510	-	-	10,902
Public safety programs	-	9,937	-	-	-	12,755
Other programs	-	-	-	4,373	-	14,502
Committed for:						
Townhouse maintenance	-	-	-	-	-	13,436
Recycling programs	-	-	-	8,104	-	8,104
Open space and conservation	146,020	-	-	-	-	146,020
<b>Total fund balances</b>	<b>146,020</b>	<b>9,937</b>	<b>8,510</b>	<b>12,477</b>	<b>-</b>	<b>270,355</b>
<b>Total liabilities and fund balances</b>	<b>\$ 146,020</b>	<b>\$ 9,937</b>	<b>\$ 8,837</b>	<b>\$ 12,477</b>	<b>\$ 12,931</b>	<b>\$ 364,742</b>

**TOWN OF FOSTER, RHODE ISLAND**  
*Town Special Revenue Funds*  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2013

	<i>Community Development Block Grant</i>	<i>Historical Records</i>	<i>MHRH Grant</i>	<i>Technology Recording Fee</i>	<i>DARE</i>	<i>Townhouse Trust</i>
<b>Revenues</b>						
Intergovernmental and departmental revenues	\$ 23,679	\$ 1,134	\$ 254	\$ 5,894	\$ -	\$ -
Interest on investments	-	16	-	43	-	24
Other revenue	1,099	-	-	-	2,000	-
<b>Total revenues</b>	<u>24,778</u>	<u>1,150</u>	<u>254</u>	<u>5,937</u>	<u>2,000</u>	<u>24</u>
<b>Expenditures</b>						
Legislative, judicial and general administrative	-	2,143	-	4,323	-	-
Health and welfare	25,215	-	-	-	-	-
Public safety	-	-	254	-	-	-
<b>Total expenditures</b>	<u>25,215</u>	<u>2,143</u>	<u>254</u>	<u>4,323</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	(437)	(993)	-	1,614	2,000	24
<b>Fund balances - beginning of year</b>	2,829	11,810	-	52,205	818	23,541
<b>Fund balances - end of year</b>	<u>\$ 2,392</u>	<u>\$ 10,817</u>	<u>\$ -</u>	<u>\$ 53,819</u>	<u>\$ 2,818</u>	<u>\$ 23,565</u>

(Continued)

**TOWN OF FOSTER, RHODE ISLAND**

*Town Special Revenue Funds*

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)*

*For the Fiscal Year Ended June 30, 2013*

	<i>Payments in-Lieu of Land</i>	<i>EMA</i>	<i>Human Services Special Needs</i>	<i>RI Resource Recovery Grant</i>	<i>Police Grants</i>	<i>Total</i>
<b>Revenues</b>						
Intergovernmental and departmental revenues	\$ 2,670	\$ 4,680	\$ 9,078	\$ -	\$ 7,827	\$ 55,216
Interest on investments	126	-	-	-	-	209
Other revenue	-	-	9,645	-	-	12,744
<b>Total revenues</b>	<u>2,796</u>	<u>4,680</u>	<u>18,723</u>	<u>-</u>	<u>7,827</u>	<u>68,169</u>
<b>Expenditures</b>						
Legislative, judicial and general administrative	-	-	-	-	-	6,466
Health and welfare	-	-	15,481	-	-	40,696
Public safety	-	-	-	-	7,827	8,081
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>15,481</u>	<u>-</u>	<u>7,827</u>	<u>55,243</u>
<b>Net change in fund balance</b>	2,796	4,680	3,242	-	-	12,926
<b>Fund balances - beginning of year</b>	143,224	5,257	5,268	12,477	-	257,429
<b>Fund balances - end of year</b>	<u>\$ 146,020</u>	<u>\$ 9,937</u>	<u>\$ 8,510</u>	<u>\$ 12,477</u>	<u>\$ -</u>	<u>\$ 270,355</u>

**TOWN OF FOSTER, RHODE ISLAND**

*School Special Revenue Funds*

*Combining Balance Sheet*

*June 30, 2013*

	<u><i>Title</i></u> <i>I</i>	<u><i>Title</i></u> <i>II</i>	<u><i>Preschool</i></u>	<u><i>IDEA</i></u> <u><i>Part B</i></u>	<u><i>RI Parent</i></u> <u><i>Information</i></u> <u><i>Network</i></u>
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal and state governments	25,846	13,440	-	-	-
Due from other funds	-	-	-	-	14,769
<b><i>Total assets</i></b>	<u><u>\$ 25,846</u></u>	<u><u>\$ 13,440</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,769</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b><i>Liabilities</i></b>					
Due to other funds	\$ 25,846	\$ 13,440	\$ -	\$ -	\$ -
<b><i>Total liabilities</i></b>	<u><u>25,846</u></u>	<u><u>13,440</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
 <b><i>Fund balances</i></b>					
Restricted	-	-	-	-	14,769
Unassigned	-	-	-	-	-
<b><i>Total fund balances</i></b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>14,769</u></u>
 <b><i>Total liabilities and fund balances</i></b>	 <u><u>\$ 25,846</u></u>	 <u><u>\$ 13,440</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 14,769</u></u>

*(Continued)*

**TOWN OF FOSTER, RHODE ISLAND**

*School Special Revenue Funds*

*Combining Balance Sheet (Continued)*

*June 30, 2013*

	<u>School Lunch</u>	<u>Small Rural Grant</u>	<u>RTT Instructional Improvement Set Aside</u>	<u>RTT Educator Effectiveness Set Aside</u>	<u>RTT Human Capital Development Set Aside</u>	<u>Total</u>
<b>ASSETS</b>						
Cash	\$ 42,117	\$ -	\$ -	\$ -	\$ -	\$ 42,117
Due from federal and state governments	3,272	2,769	-	-	-	45,327
Due from other funds	3,869	-	-	-	-	18,638
<b>Total assets</b>	<u>\$ 49,258</u>	<u>\$ 2,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,082</u>
 <b>LIABILITIES AND FUND BALANCES</b>						
<i>Liabilities</i>						
Due to other funds	\$ 51,313	\$ 2,769	\$ -	\$ -	\$ -	\$ 93,368
<b>Total liabilities</b>	<u>51,313</u>	<u>2,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,368</u>
<i>Fund balances</i>						
Restricted	-	-	-	-	-	14,769
Unassigned	(2,055)	-	-	-	-	(2,055)
<b>Total fund balances</b>	<u>(2,055)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,714</u>
<b>Total liabilities and fund balances</b>	<u>\$ 49,258</u>	<u>\$ 2,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,082</u>

**TOWN OF FOSTER, RHODE ISLAND**  
*School Special Revenue Funds*  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Fiscal Year Ending June 30, 2013

	<u>Title I</u>	<u>Title II</u>	<u>Preschool</u>	<u>IDEA Part B</u>	<u>RI Parent Information Network</u>
<b>Revenues</b>					
Intergovernmental and departmental revenues	\$ 37,674	\$ 17,640	\$ 14,786	\$ 91,354	\$ -
Other revenue	-	-	-	-	-
<b>Total revenues</b>	<u>37,674</u>	<u>17,640</u>	<u>14,786</u>	<u>91,354</u>	<u>-</u>
<b>Expenditures</b>					
Education	37,674	17,640	14,786	91,354	-
Food service	-	-	-	-	-
<b>Total expenditures</b>	<u>37,674</u>	<u>17,640</u>	<u>14,786</u>	<u>91,354</u>	<u>-</u>
<b>Net change in fund balance</b>	-	-	-	-	-
<b>Fund balances - beginning of year</b>	-	-	-	-	14,769
<b>Fund balances - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,769</u>

*(Continued)*

**TOWN OF FOSTER, RHODE ISLAND**

*School Special Revenue Funds*

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)*

*For the Fiscal Year Ending June 30, 2013*

	<u>School Lunch</u>	<u>Small Rural Grant</u>	<u>RTT Instructional Improvement Set Aside</u>	<u>RTT Educator Effectiveness Set Aside</u>	<u>RTT Human Capital Development Set Aside</u>	<u>Total</u>
<b>Revenues</b>						
Intergovernmental and departmental revenues	\$ 32,424	\$ 2,769	\$ 2,014	\$ 745	\$ 2,946	\$ 202,352
Other revenue	37,829	-	-	-	-	37,829
<b>Total revenues</b>	<u>70,253</u>	<u>2,769</u>	<u>2,014</u>	<u>745</u>	<u>2,946</u>	<u>240,181</u>
<b>Expenditures</b>						
Education	-	2,769	2,014	745	2,946	169,928
Food service	68,412	-	-	-	-	68,412
<b>Total expenditures</b>	<u>68,412</u>	<u>2,769</u>	<u>2,014</u>	<u>745</u>	<u>2,946</u>	<u>238,340</u>
<b>Net change in fund balance</b>	1,841	-	-	-	-	1,841
<b>Fund balances - beginning of year</b>	(3,896)	-	-	-	-	10,873
<b>Fund balances - end of year</b>	<u>\$ (2,055)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,714</u>

**TOWN OF FOSTER, RHODE ISLAND**

*Combining Statement of Net Position*

*Agency Funds*

*June 30, 2013*

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	<u><i>Mageira Performance Bond</i></u>	<u><i>Student Activity Funds</i></u>	<u><i>Probate Escrow Fund</i></u>	<u><i>Total Agency Funds</i></u>
<i>Assets</i>				
Cash	\$ 540	\$ 5,067	\$ 20,835	\$ 26,442
<b><i>Total assets</i></b>	<u>\$ 540</u>	<u>\$ 5,067</u>	<u>\$ 20,835</u>	<u>\$ 26,442</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 540	\$ 5,067	\$ 20,835	\$ 26,442
<b><i>Total liabilities</i></b>	<u>\$ 540</u>	<u>\$ 5,067</u>	<u>\$ 20,835</u>	<u>\$ 26,442</u>



**TOWN OF FOSTER, RHODE ISLAND**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Fiscal Year Ended June 30, 2013*

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>MAGEIRA PERFORMANCE BOND</b>				
<i>Assets</i>				
Cash	\$ 540	\$ -	\$ -	\$ 540
<b>Total assets</b>	<u>\$ 540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 540</u>
<i>Liabilities</i>				
Deposits held in custody for others	540	-	-	540
<b>Total liabilities</b>	<u>\$ 540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 540</u>
 <b>STUDENT ACTIVITY FUND</b>				
<i>Assets</i>				
Cash	\$ 3,361	\$ 2,726	\$ 1,020	\$ 5,067
<b>Total assets</b>	<u>\$ 3,361</u>	<u>\$ 2,726</u>	<u>\$ 1,020</u>	<u>\$ 5,067</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 3,361	\$ 2,726	\$ 1,020	\$ 5,067
<b>Total liabilities</b>	<u>\$ 3,361</u>	<u>\$ 2,726</u>	<u>\$ 1,020</u>	<u>\$ 5,067</u>
 <b>PROBATE ESCROW ACCOUNT</b>				
<i>Assets</i>				
Cash	\$ 20,814	\$ 21	\$ -	\$ 20,835
<b>Total assets</b>	<u>\$ 20,814</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 20,835</u>
<i>Liabilities</i>				
Deposits held in custody for others	20,814	21	-	20,835
<b>Total liabilities</b>	<u>\$ 20,814</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 20,835</u>
 <b>TOTAL AGENCY FUNDS</b>				
<i>Assets</i>				
Cash	\$ 24,715	\$ 2,747	\$ 1,020	\$ 26,442
<b>Total assets</b>	<u>\$ 24,715</u>	<u>\$ 2,747</u>	<u>\$ 1,020</u>	<u>\$ 26,442</u>
<i>Liabilities</i>				
Deposits held in custody for others	24,715	2,747	1,020	26,442
<b>Total liabilities</b>	<u>\$ 24,715</u>	<u>\$ 2,747</u>	<u>\$ 1,020</u>	<u>\$ 26,442</u>

**TOWN OF FOSTER, RHODE ISLAND**  
*Tax Collector's Annual Report*  
For the Fiscal Year Ended June 30, 2013

**Real Estate and Personal Property Taxes**

<i>Fiscal Year End</i>	<i>Balance 6/30/2012</i>	<i>Current Year Assessment</i>	<i>Additions</i>	<i>Abatements</i>	<i>Refunds and Adjustments</i>	<i>Amount to be Collected</i>	<i>Collections</i>	<i>Balance 6/30/2013</i>
2013	\$ -	\$ 11,206,523	\$ 31,199	\$ 56,595	\$ (18,728)	\$ 11,162,399	\$ 10,802,632	\$ 359,767
2012	284,937	-	-	414	21,513	306,036	193,529	112,507
2011	52,736	-	-	44	37	52,729	2,773	49,956
2010	18,777	-	-	35	-	18,742	1,080	17,662
2009	20,710	-	-	-	-	20,710	1,417	19,293
2008	14,158	-	-	-	-	14,158	647	13,511
2007	13,912	-	-	-	-	13,912	-	13,912
2006	13,777	-	-	-	-	13,777	-	13,777
2005	9,265	-	-	-	-	9,265	-	9,265
2004	9,432	-	-	-	-	9,432	-	9,432
2003	338	-	-	-	-	338	-	338
2002	141	-	-	-	-	141	-	141
2001	571	-	-	-	-	571	-	571
2000	394	-	-	-	-	394	-	394
	<u>\$ 439,148</u>	<u>\$ 11,206,523</u>	<u>\$ 31,199</u>	<u>\$ 57,088</u>	<u>\$ 2,822</u>	<u>\$ 11,622,604</u>	<u>\$ 11,002,078</u>	<u>\$ 620,526</u>

**Schedule of Most Recent Net Assessed Property Value by Category**

<i>Description of Property</i>	<i>Net Assessed Valuations</i>	<i>Levy</i>
Real Property - Residential	\$ 502,833,441	\$ 10,217,576
Motor Vehicles	47,851,394	1,768,109
Tangible and Personal Property	8,177,239	228,390
<b>Total</b>	<u>558,862,074</u>	<u>12,214,075</u>
Exemptions and frozen property	(16,699,340)	(1,007,552)
<b>Net assessed value</b>	<u>\$ 542,162,734</u>	<u>\$ 11,206,523</u>

**Reconciliation of Current Year Property Tax Revenue**

Current year collections	\$ 11,002,078
<u>Adjustments and reversals</u>	
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2013	80,414
Less: Prior year revenue collected 60 days subsequent to fiscal year ended June 30, 2012	(55,428)
Prepaid taxes June 30, 2013	(22,919)
Prepaid taxes June 30, 2012	20,448
Refunds	(5,068)
<b>Current year property tax revenue</b>	<u>\$ 11,019,525</u>

## **STATISTICAL SECTION**

**The Statistical Schedules differ from other financial statement presentations because they generally disclose more than one fiscal year and may present non-accounting data such as social and economic data and financial trends of the Town.**

# Statistical Section

This part of the Town of Foster's annual financial statements presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Town's financial position has changed over time.	<b>75-78</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader understand and assess the factors affecting the Town's ability to generate its most significant local revenue sources, the real and personal property tax .	<b>79-82</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	<b>83-87</b>
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	<b>88-89</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	<b>90-92</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the annual financial statements for the relevant year. The Town implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

Schedule 1

Town of Foster, Rhode Island  
 Net Position by Component,  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
 Unaudited

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Primary Government										
Governmental activities										
Net investment in capital assets	\$ 8,141,662	\$ 7,818,191	\$ 7,554,654	\$ 7,619,259	\$ 7,857,376	\$ 7,753,237	\$ 7,187,242	\$ 6,571,739	\$ 6,413,271	\$ 6,372,989
Restricted	2,744,263	2,160,845	2,754,266	2,458,707	1,849,009	1,454,828	1,270,601	892,321	689,185	771,151
Unrestricted	1,019,069	1,193,936	1,188,117	990,677	59,436	94,934	248,718	1,323,328	2,006,455	2,316,899
Total governmental activities net position	<u>\$ 11,904,994</u>	<u>\$ 11,172,972</u>	<u>\$ 11,497,037</u>	<u>\$ 11,068,643</u>	<u>\$ 9,765,821</u>	<u>\$ 9,302,999</u>	<u>\$ 8,706,561</u>	<u>\$ 8,787,388</u>	<u>\$ 9,108,911</u>	<u>\$ 9,461,039</u>

Source: Town of Foster Audited Financial Statements

Schedule 2

Town of Foster, Rhode Island  
 Changes in Net Position, Last Ten Fiscal Years  
 (accrual basis of accounting)  
 Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
Legislative, judicial and general administrative	\$ 607,225	\$ 440,374	\$ 867,567	\$ 1,075,154	\$ 1,035,557	\$ 1,126,194	\$ 1,009,170	\$ 1,012,984	\$ 937,174	\$ 919,614
Health and Welfare	422,961	512,292	372,732	408,234	442,529	510,792	412,545	116,495	230,321	76,821
Public safety	1,147,883	1,104,600	1,101,109	1,386,698	1,486,792	1,482,617	1,805,354	1,763,769	1,353,408	1,356,574
Public works	805,567	825,897	579,346	841,178	1,456,055	890,676	1,112,606	1,112,112	1,009,206	1,048,362
Building and Zoning	41,983	39,448	41,013	50,392	51,663	47,824	51,725	50,027	39,767	44,735
Planning	48,761	49,767	32,860	33,299	84,255	85,750	70,704	65,832	38,568	46,520
Conservation	1,438	2,152	2,172	1,130	2,306	2,449	1,086	714	1,103	1,171
Recreation	46,564	31,787	65,544	43,017	58,407	65,514	59,294	30,031	25,100	23,255
Education	7,075,589	7,446,108	7,678,749	8,234,752	8,748,262	9,348,134	9,420,374	9,495,482	9,353,522	9,195,022
Food Services	96,497	95,391	88,411	86,708	69,428	68,789	64,026	65,054	76,825	68,412
Libraries	117,084	117,084	128,511	145,188	151,901	156,610	140,219	133,208	140,219	140,219
Total governmental activities expenses	<u>\$ 10,411,552</u>	<u>\$ 10,664,900</u>	<u>\$ 10,958,014</u>	<u>\$ 12,305,750</u>	<u>\$ 13,587,155</u>	<u>\$ 13,785,349</u>	<u>\$ 14,147,103</u>	<u>\$ 13,845,708</u>	<u>\$ 13,205,213</u>	<u>\$ 12,920,705</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Legislative, judicial and general administrative	\$ 87,827	\$ 189,331	\$ 83,431	\$ 109,165	\$ 88,138	\$ 112,366	\$ 79,756	\$ 77,043	\$ 89,568	\$ 82,883
Health and Welfare	-	-	11,690	2,390	12,662	3,032	2,993	3,547	42,907	-
Public safety	45,706	22,536	50,736	67,426	53,321	56,856	46,019	52,578	28,530	22,747
Public works	-	-	-	-	-	-	-	-	5,226	-
Building and Zoning	111,232	50,448	108,054	69,140	41,624	39,833	46,737	34,995	32,589	27,246
Planning	3,532	7,996	24,355	25,447	24,030	-	-	-	-	-
Recreation	-	-	-	-	25,503	1,135	11,393	4,576	1,753	806
Education	-	-	26,925	23,871	7,911	10,516	19,767	50,914	56,004	47,465
Food Services	94,390	97,474	53,975	48,702	50,286	43,717	37,096	36,416	44,481	37,829
Operating grants and contributions:										
Legislative, judicial and general administrative	52,765	18,275	57,967	50,570	-	11,880	-	31,667	18,009	-
Health and Welfare	123,673	112,084	100,525	88,800	84,310	166,356	81,151	60,229	122,236	44,402
Public safety	21,365	6,964	36,603	58,273	37,018	94,177	44,354	16,244	24,591	12,761
Public works	-	22,941	56,820	-	3,841	33,571	291,408	19,589	25,752	9,184
Recreation	-	-	-	-	18,213	11,375	3,846	-	-	-
Planning	-	-	-	-	-	-	-	13,545	-	-
Education	1,644,038	1,630,447	1,633,010	1,696,003	1,739,138	1,680,495	1,591,304	1,894,790	1,557,890	1,525,859
Food Services	-	-	25,741	23,879	19,795	19,088	19,467	25,665	30,887	32,424
Capital grants and contributions:										
Health and Welfare	-	2,581	-	-	-	-	-	-	-	-
Public safety	-	71,533	-	-	-	-	13,389	37,922	-	-
Public works	-	-	-	-	-	30,000	21,023	-	-	-
Recreation	-	-	-	-	75,000	-	-	-	-	-
Total governmental activities program revenues	<u>\$ 2,184,528</u>	<u>\$ 2,232,610</u>	<u>\$ 2,269,832</u>	<u>\$ 2,263,666</u>	<u>\$ 2,280,790</u>	<u>\$ 2,314,397</u>	<u>\$ 2,309,703</u>	<u>\$ 2,359,720</u>	<u>\$ 2,080,423</u>	<u>\$ 1,843,606</u>
<b>Total primary government net expense</b>	<u><b>\$ (8,227,024)</b></u>	<u><b>\$ (8,432,290)</b></u>	<u><b>\$ (8,688,182)</b></u>	<u><b>\$ (10,042,084)</b></u>	<u><b>\$ (11,306,365)</b></u>	<u><b>\$ (11,470,952)</b></u>	<u><b>\$ (11,837,400)</b></u>	<u><b>\$ (11,485,988)</b></u>	<u><b>\$ (11,124,790)</b></u>	<u><b>\$ (11,077,099)</b></u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes, levied for general purposes	\$ 7,264,546	\$ 7,367,545	\$ 7,878,820	\$ 8,262,363	\$ 8,699,129	\$ 9,924,717	\$ 10,407,479	\$ 10,865,982	\$ 11,282,490	\$ 11,266,311
Unrestricted investment earnings	110,579	121,179	80,694	135,913	136,655	27,872	5,070	2,250	2,616	2,585
Other general revenues	935,132	912,658	1,052,733	1,215,414	1,167,759	1,055,541	828,413	143,503	161,207	160,331
Total primary government	<u>\$ 8,310,257</u>	<u>\$ 8,401,382</u>	<u>\$ 9,012,247</u>	<u>\$ 9,613,690</u>	<u>\$ 10,003,543</u>	<u>\$ 11,008,130</u>	<u>\$ 11,240,962</u>	<u>\$ 11,011,735</u>	<u>\$ 11,446,313</u>	<u>\$ 11,429,227</u>
<b>Change in Net Position</b>										
Governmental activities:										
Total primary government	<u>\$ 83,233</u>	<u>\$ (30,908)</u>	<u>\$ 324,065</u>	<u>\$ (428,394)</u>	<u>\$ (1,302,822)</u>	<u>\$ (462,822)</u>	<u>\$ (596,438)</u>	<u>\$ (474,253)</u>	<u>\$ 321,523</u>	<u>\$ 352,128</u>

Schedule 3

Town of Foster, Rhode Island  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Fund</b>										
Reserved	\$ 75,686	\$ 57,169	\$ 215,354	\$ 324,771	\$ 153,470	\$ 148,568	\$ 76,748	\$ -	\$ -	\$ -
Unreserved	861,311	916,518	1,048,051	873,576	15,998	(44,553)	146,681	-	-	-
Nonspendable	-	-	-	-	-	-	-	599,613	736,024	618,520
Committed	-	-	-	-	-	-	-	328,656	1,121,454	1,233,358
Assigned	-	-	-	-	-	-	-	30,535	28,018	27,864
Unassigned	-	-	-	-	-	-	-	283,510	-	-
<b>Total general fund</b>	<b>\$ 936,997</b>	<b>\$ 973,687</b>	<b>\$ 1,263,405</b>	<b>\$ 1,198,347</b>	<b>\$ 169,468</b>	<b>\$ 104,015</b>	<b>\$ 223,429</b>	<b>\$ 1,242,314</b>	<b>\$ 1,885,496</b>	<b>\$ 1,879,742</b>
<b>Education</b>										
Reserved	\$ 191,699	\$ -	\$ 45,361	\$ 47,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	30,378	54,025	170,225	170,425	200,043	208,711	166,663	-	-	-
Nonspendable	-	-	-	-	-	-	-	3,217	-	9,447
Restricted	-	-	-	-	-	-	-	58,786	8,793	19,411
<b>Total education fund</b>	<b>\$ 222,077</b>	<b>\$ 54,025</b>	<b>\$ 215,586</b>	<b>\$ 217,868</b>	<b>\$ 200,043</b>	<b>\$ 208,711</b>	<b>\$ 166,663</b>	<b>\$ 62,003</b>	<b>\$ 8,793</b>	<b>\$ 28,858</b>
<b>Capital Projects Funds</b>										
Unreserved	\$ 2,037,104	\$ 1,855,643	\$ 2,043,158	\$ 1,679,466	\$ 1,221,785	\$ 785,235	\$ 736,645	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	589,053	532,577	594,918
<b>Total Capital Projects fund</b>	<b>\$ 2,037,104</b>	<b>\$ 1,855,643</b>	<b>\$ 2,043,158</b>	<b>\$ 1,679,466</b>	<b>\$ 1,221,785</b>	<b>\$ 785,235</b>	<b>\$ 736,645</b>	<b>\$ 589,053</b>	<b>\$ 532,577</b>	<b>\$ 594,918</b>
<b>All Other Governmental Funds</b>										
Reserved:										
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	314,814	248,033	359,805	365,596	383,782	488,187	405,300	-	-	-
Restricted	-	-	-	-	-	-	-	244,482	107,458	117,564
Committed	-	-	-	-	-	-	-	155,306	164,740	167,560
Unassigned	-	-	-	-	-	-	-	(2,727)	(3,896)	(2,055)
<b>Total all other governmental funds</b>	<b>\$ 314,814</b>	<b>\$ 248,033</b>	<b>\$ 359,805</b>	<b>\$ 365,596</b>	<b>\$ 383,782</b>	<b>\$ 488,187</b>	<b>\$ 405,300</b>	<b>\$ 397,061</b>	<b>\$ 268,302</b>	<b>\$ 283,069</b>

**Note:**  
In 2011 the Town implemented GASB No. 54, reserved and unreserved fund balances are no longer used. Fund Balances are now reported as nonspendable, restricted, committed, assigned, and unassigned.

Source: Town of Foster Audited Financial Statements

Schedule 4

Town of Foster, Rhode Island  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**Unaudited**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
General property taxes	\$ 7,286,639	\$ 7,414,157	\$ 7,935,653	\$ 8,180,828	\$ 8,671,529	\$ 9,806,090	\$ 10,317,293	\$ 10,779,060	\$ 11,167,906	\$ 11,019,525
Intergovernmental and departmental revenue	2,697,218	2,778,954	2,951,604	3,191,398	3,094,718	3,079,446	2,849,150	2,213,391	1,924,311	1,751,386
Licenses and fees	277,013	267,070	240,720	226,129	190,949	173,082	182,566	192,372	188,867	183,589
Interest on investments	36,157	46,529	80,693	135,913	136,655	27,872	5,070	2,250	2,616	2,585
Other revenues	280,255	230,026	179,752	110,166	229,959	166,420	154,207	188,375	175,905	157,529
<b>Total revenues</b>	<b>\$ 10,577,282</b>	<b>\$ 10,736,736</b>	<b>\$ 11,388,422</b>	<b>\$ 11,844,434</b>	<b>\$ 12,323,810</b>	<b>\$ 13,252,910</b>	<b>\$ 13,508,286</b>	<b>\$ 13,375,448</b>	<b>\$ 13,459,605</b>	<b>\$ 13,114,614</b>
<b>Expenditures</b>										
Legislative, Judicial and general administrative	\$ 282,504	\$ 289,988	\$ 348,470	\$ 428,867	\$ 368,178	\$ 396,188	\$ 356,276	\$ 387,400	\$ 341,420	\$ 373,791
Financial Administration	170,584	163,171	211,329	253,008	252,432	235,719	242,169	241,963	225,784	222,833
Miscellaneous Administration	73,685	99,974	119,173	307,650	191,239	273,910	250,997	231,064	203,208	234,050
Health and Welfare	422,427	513,652	407,275	408,584	442,529	510,792	412,545	116,495	230,321	76,821
Public Safety	966,583	1,022,272	986,216	1,279,366	1,380,447	1,387,982	1,330,506	1,345,703	1,306,609	1,283,347
Public Works	606,544	631,506	475,938	691,686	829,703	765,772	943,338	938,080	928,594	989,502
Building and Zoning	39,604	40,471	41,013	50,392	51,663	47,824	51,725	50,027	39,767	44,735
Planning	35,774	55,023	32,860	17,799	84,255	70,250	70,704	65,832	38,568	46,520
Conservation	1,438	2,152	2,172	1,130	2,306	2,449	1,086	714	1,103	1,171
Recreation	30,564	31,137	33,601	34,424	70,479	64,753	58,533	29,270	24,339	22,494
Education	7,013,278	7,410,610	7,583,386	8,079,203	8,727,508	9,275,675	9,344,059	9,385,056	9,260,495	9,219,361
Food Services	96,497	95,391	88,411	86,708	69,428	68,789	64,026	65,054	76,825	68,412
Libraries	117,084	117,084	128,511	145,188	151,901	156,610	140,219	133,208	140,219	140,219
Land Trust	2,639	4,951	5,304	5,419	5,533	5,280	2,524	2,547	2,788	2,444
Capital Outlay	479,394	471,099	132,697	549,974	1,249,682	379,847	293,690	179,721	309,833	297,495
Principal	40,000	40,000	40,000	-	-	-	-	-	-	-
Interest	7,490	4,500	1,500	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 10,386,089</b>	<b>\$ 10,992,981</b>	<b>\$ 10,637,856</b>	<b>\$ 12,339,398</b>	<b>\$ 13,877,283</b>	<b>\$ 13,641,840</b>	<b>\$ 13,562,397</b>	<b>\$ 13,172,134</b>	<b>\$ 13,129,873</b>	<b>\$ 13,023,195</b>
Excess of revenues over (under) expenditures	\$ 191,193	\$ (256,245)	\$ 750,566	\$ (494,964)	\$ (1,553,473)	\$ (388,930)	\$ (54,111)	\$ 203,314	\$ 329,732	\$ 91,419
<b>Other Financing Sources (uses)</b>										
Proceeds from lease	\$ -	\$ -	\$ -	\$ 74,287	\$ 67,274	\$ -	\$ -	\$ -	\$ 75,005	\$ -
Transfers from other funds	4,860,643	3,578,157	5,256,142	5,020,725	5,372,683	5,520,260	4,882,000	3,588,607	3,491,283	3,610,142
Transfers to other funds	(4,860,643)	(3,578,157)	(5,256,142)	(5,020,725)	(5,372,683)	(5,520,260)	(4,882,000)	(3,588,607)	(3,491,283)	(3,610,142)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,287</b>	<b>67,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,005</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 191,193</b>	<b>\$ (256,245)</b>	<b>\$ 750,566</b>	<b>\$ (420,677)</b>	<b>\$ (1,486,199)</b>	<b>\$ (388,930)</b>	<b>\$ (54,111)</b>	<b>\$ 203,314</b>	<b>\$ 404,737</b>	<b>\$ 91,419</b>
Debt service as a percentage of noncapital expenditures	1.8%	1.5%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Note:** This schedule includes revenues and expenditures of the General Fund, Special Revenue Funds, and Capital Projects Funds  
**Source:** Town of Foster Audited Financial Statements



**Schedule 5**

**Town of Foster, Rhode Island  
Assessed Value and Estimated Actual Value of Taxable Property,  
Last Ten Fiscal Years  
Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Less: Tax Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>	<u>Total Assessed Value Before Exemptions</u>
2004	\$ 441,424,855	\$ 34,735,277	\$ 12,381,229	\$ 463,778,903	14.20	\$ 486,958,109	95.24%	\$ 476,160,132
2005	\$ 450,161,256	\$ 36,450,788	\$ 12,935,749	\$ 473,676,295	14.10	\$ 497,350,163	95.24%	\$ 486,612,044
2006	\$ 489,847,045	\$ 41,726,645	\$ 15,113,214	\$ 516,460,476	14.75	\$ 542,557,491	95.19%	\$ 531,573,690
2007	\$ 680,214,030	\$ 46,545,864	\$ 20,212,335	\$ 706,547,559	11.24	\$ 726,759,894	97.22%	\$ 726,759,894
2008	\$ 686,549,707	\$ 47,389,999	\$ 20,490,135	\$ 713,449,571	11.79	\$ 713,449,571	100.00%	\$ 733,939,706
2009	\$ 689,960,787	\$ 49,959,123	\$ 21,086,252	\$ 718,833,658	13.52	\$ 718,833,658	100.00%	\$ 739,919,910
2010	\$ 583,622,371	\$ 45,607,546	\$ 22,123,225	\$ 607,106,692	17.12	\$ 607,106,682	100.00%	\$ 629,229,917
2011	\$ 585,621,440	\$ 52,958,176	\$ 26,354,397	\$ 612,225,219	17.58	\$ 612,225,219	100.00%	\$ 638,579,616
2012	\$ 586,684,991	\$ 55,327,341	\$ 16,855,973	\$ 625,156,359	17.58	\$ 625,156,358	100.00%	\$ 642,012,332
2013	\$ 502,833,441	\$ 56,028,633	\$ 16,699,340	\$ 542,162,734	20.32	\$ 542,162,734	100.00%	\$ 558,862,074

Full revaluations are performed every nine years. The last full revaluation was performed as of December 31, 2008, which affects fiscal year 2010.

Statistical revaluations are performed every three years except in the years a full revaluation is performed. A statistical revaluation was performed as of December 31, 2002 which affects fiscal year 2004; as of December 31, 2005 which affects fiscal year 2007; and as of December 2011 which affects fiscal year 2013.

**Source: Tax Assessor's Annual Report to the State of Rhode Island**

**Schedule 6**

**Town of Foster, Rhode Island  
Direct and Overlapping Property Tax Rates,  
(rate per \$1,000 of assessed value)  
Last Ten Fiscal Years (1)  
Unaudited**

<u>Fiscal Year</u>	<u>General Fund</u>
2004	\$14.20
2005	\$14.10
2006	\$14.75
2007	\$11.24
2008	\$11.79
2009	\$13.52
2010	\$17.12
2011	\$17.58
2012	\$17.58
2013	\$20.32

**Note:**

**(1) There are no overlapping governments, accordingly the entire tax assessment is applied to the General Fund**

**Schedule 7**

**Principal Property Tax Payers  
Current Year and Nine Years Ago  
Principal Payers  
Unaudited**

Taxpayer	2013				2004			
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxes Assessed	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxes Assessed
City of Providence (PWSB)	\$ 15,093,200	1	2.78%	\$ 306,694	\$ 20,914,700	1	4.51%	\$ 296,989
Narragansett Electric	7,350,753 a)	2	1.36%	\$ 180,283	6,464,971 a)	3	1.39%	\$ 91,803
Providence Public Buildings Authority (PWSB)	6,522,900	3	1.20%	\$ 132,545	6,485,100	2	1.40%	\$ 92,088
Foster Country Club (Tykamac Ent. LLC)	2,262,000	4	0.42%	\$ 45,964	3,473,900 a)	4	0.75%	\$ 49,329
Ginny B Inc	1,241,700	5	0.23%	\$ 25,231	1,159,600 a)	6	0.25%	\$ 16,466
Foster Senior Housing	1,175,600	6	0.22%	\$ 23,888	1,309,200	5	0.28%	\$ 18,591
Walker, Muriel	818,600	7	0.15%	\$ 16,634	842,400	9	0.18%	\$ 11,962
Nelson, Robert & Wendy	793,000	8	0.15%	\$ 16,114	761,600	11	0.16%	\$ 10,815
Roxannes Holdings LLC	724,900	9	0.13%	\$ 14,730				
Femino, John & Leclair, Diane	699,100	10	0.13%	\$ 14,206	682,200	12	0.15%	\$ 9,687
Costa, David & Lisa	691,900	11	0.13%	\$ 14,059	964,100	7	0.21%	\$ 13,690
Pollard, Scott M & Elisa M	674,400	12	0.12%	\$ 13,704				
Stout, Winifred					845,800	8	0.18%	\$ 12,010
Campbell, Bruce					776,200	10	0.17%	\$ 11,022
<b>Totals</b>	<b>\$ 38,048,053</b>		<b>7.02%</b>	<b>\$ 804,052</b>	<b>\$ 44,679,771</b>		<b>9.63%</b>	<b>\$ 634,453</b>

**Note: The amounts presented represent the assessed values upon which 2013 and 2004 collections were based**

**Source: Assessor's Statement of Assessed Values and Tax Levy**

**a) Includes tangible or motor vehicle assessment also**

Total Assesed Value	\$542,162,734	\$463,778,903
Tax Rate	\$20.32	\$14.20

**Schedule 8**

**Town of Foster, Rhode Island  
Property Tax Levies and Collections,  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	7,276,528	7,025,891	96.6%	235,149	7,261,040	99.8%
2005	7,352,142	7,173,582	97.6%	166,581	7,340,163	99.8%
2006	7,843,650	7,694,094	98.1%	135,281	7,829,375	99.8%
2007	8,225,871	8,026,140	97.6%	182,423	8,208,563	99.8%
2008	8,657,612	8,435,912	97.4%	150,345	8,586,257	99.2%
2009	9,879,531	9,647,829	97.7%	213,381	9,861,210	99.8%
2010	10,345,673	10,115,442	97.8%	229,434	10,344,876	100.0%
2011	10,766,802	10,552,426	98.0%	189,776	10,742,202	99.8%
2012	11,221,591	10,971,590	97.8%	169,765	11,141,355	99.3%
2013	11,206,523	10,849,481	96.8%	-	10,849,481	96.8%

**Note: Collection data has been adjusted to reflect accruals for "60 day rule" collections**

**Source: Town of Foster - Tax Collector**

**Schedule 9**

**Town of Foster, Rhode Island  
Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Loan Payable	Capital Lease			
2004	80,000	100,000	127,545	307,545	0.32% (a)	72
2005	40,000	-	-	40,000	0.04% (a)	9
2006	-	-	-	-	0.00% (a)	-
2007	-	-	47,879	47,879	0.05% (a)	11
2008	-	-	68,311	68,311	0.07% (a)	16
2009	-	-	22,401	22,401	0.02% (a)	5
2010	-	-	24,060	24,060	0.03% (a)	6
2011	-	-	-	-	0.00% (b)	-
2012	-	-	48,533	48,533	0.05% (b)	11
2013	-	-	24,973	24,973	0.03% (b)	5

**Notes:** - Details regarding the Town's outstanding debt can be found in the notes to the financial statements.  
- See Schedule 14 for personal income and population data.

(a) Ratio is calculated using personal income from 2000 census year.

(b) Ratio is calculated using personal income from U.S. Census Bureau's 2008-2012 American Community Survey.

**Schedule 10**

**Town of Foster, Rhode Island  
Ratios of General Bonded Debt Outstanding,  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Total		
2004	80,000	80,000	0.02%	18.72
2005	40,000	40,000	0.01%	9.36
2006	-	-	0.00%	-
2007	-	-	0.00%	-
2008	-	-	0.00%	-
2009	-	-	0.00%	-
2010	-	-	0.00%	-
2011	-	-	0.00%	-
2012	-	-	0.00%	-
2013	-	-	0.00%	-

**Note:** Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(a) Actual taxable value equals gross assessed value less exemptions.

(b) Population data can be found in Schedule 14.

**Schedule 11**

**Town of Foster, Rhode Island  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2013  
Unaudited**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Foster-Glocester Regional School District (a)	\$ 48,875,968	33.56% (a)	\$ 16,402,775
Town of Foster	24,973	100.00%	24,973
Other debt			
Foster-Glocester Regional School District - BAN (a)	-	33.56% (a)	-
Subtotal, overlapping debt			16,402,775
Town direct debt			24,973
Total direct and overlapping debt			<u>\$ 16,427,748</u>

**Sources: Debt outstanding data provided by each governmental unit.**

**(a) Estimated percentage applicable for the Foster-Glocester Regional School District provided by the Foster-Glocester Regional School percentage of population.**

Schedule 12

Town of Foster, Rhode Island  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years  
 Unaudited

<b>Legal Debt Margin Calculation for Fiscal Year 2013</b>	
Assessed Value	\$ 542,162,734
Debt limit (3% of assessed value)	16,264,882
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 16,264,882</u>

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 4,942,912	\$ 4,996,044	\$ 5,018,496	\$ 13,913,367	\$ 21,403,487	\$ 21,565,010	\$ 18,213,201	\$ 18,366,757	\$ 18,754,691	\$ 16,264,882
Total net debt applicable to limit	<u>(80,000)</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 4,862,912</u>	<u>\$ 4,956,044</u>	<u>\$ 5,018,496</u>	<u>\$ 13,913,367</u>	<u>\$ 21,403,487</u>	<u>\$ 21,565,010</u>	<u>\$ 18,213,201</u>	<u>\$ 18,366,757</u>	<u>\$ 18,754,691</u>	<u>\$ 16,264,882</u>
Total net debt applicable to the limit as a percentage of debt limit	1.62%	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Finance Department, Foster, Rhode Island

(1) The Town's legal debt margin as set forth by Rhode Island State Statute is limited to three percent of total taxable assessed value.



**Schedule 13**

**Town of Foster, Rhode Island  
Pledged-Revenue Coverage,  
Last Ten Years  
Unaudited**

The Town of Foster, Rhode Island does not have non-general obligation long-term debt backed by pledged revenues.

**Schedule 14**

**Town of Foster, Rhode Island  
Demographic and Economic Statistics,  
Last Ten Fiscal Years  
Unaudited**

<u>Fiscal Year Ended June 30</u>	<u>Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age(1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
2004	4,274	94,660,552	22,148	39.8	921	5.80%
2005	4,274	94,660,552	22,148	39.8	941	5.40%
2006	4,274	94,660,552	22,148	39.8	963	5.50%
2007	4,274	94,660,552	22,148	39.8	858	5.70%
2008	4,274	94,660,552	22,148	39.8	708	6.14%
2009	4,274	94,660,552	22,148	39.8	694	12.40%
2010	4,274	94,660,552	22,148	39.8	703	11.40%
2011	4,606	159,648,566	34,661	43.8	689	10.80%
2012	4,606	97,499,808	21,168	46.0	649	10.30%
2013	4,606	92,087,758	19,993	44.8	655	8.20%

**Sources:**

- (1) Population, Personal Income, Per Capita Personal Income, and Median Age obtained from U.S. Census Bureau.**
- (2) School enrollment provided by the Foster-Glocester Regional and Foster School Business Offices.  
Enrollment includes students in Foster Public Schools and Foster students enrolled in Foster-Glocester Regional Schools.**
- (3) Unemployment rates obtained from State of Rhode Island Dept. of Labor and Training, unadjusted.**

**Schedule 15**

**Town of Foster, Rhode Island  
Principal Employers,  
Current Year and Nine Years Ago  
Unaudited**

Employer	2013			2004		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Foster Town & School Department	82	1	18.30%	120	1	29.70%
Foster Country Club	50	2	11.16%	50	2	12.38%
Nancy-Ann Nursing Home	28	3	6.25%	N/A	N/A	N/A
Shady Acres	22	4	4.91%	15	3	3.71%
Wellone	15	5	3.35%	N/A	N/A	N/A
Little Rhody Foods	13	6	2.90%	N/A	N/A	N/A
Dr. Daycare	12	7	2.68%	N/A	N/A	N/A
Turnquist Lumber Co., Inc.	N/A	N/A	N/A	18	4	4.46%
<b>Total</b>	<b>222</b>		<b>49.55%</b>	<b>203</b>		<b>50.25%</b>

**Source: Rhode Island Economic Development Corporation and survey of Town businesses.**

**Schedule 16**

**Town of Foster, Rhode Island  
Full-time Equivalent Town Government Employees by Function/Program,  
Last Ten Fiscal Years  
Unaudited**

Function/Program	Full-time Equivalent Employees as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Central Administration										
Town Council	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Town Clerk	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Probate Court	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Building/Zoning	1.0	1.0	1.0	1.0	0.6	1.6	1.6	1.6	1.6	1.6
Planning	1.5	1.5	1.5	1.5	2.0	2.0	2.0	1.6	1.6	1.6
Financial Administration										
Treasurer's Office	1.5	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0
Tax Collection	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tax Assessor	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.6
Public Safety										
Police										
Officers	7.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0
Civilians	4.0	4.8	4.8	4.8	4.5	4.5	4.5	4.5	4.5	4.5
Animal Control										
Officers	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Emergency Management	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Public Works Department										
Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Highway										
Driver/Laborer	5.0	5.0	5.0	6.5	6.5	5.5	5.5	5.5	5.5	5.5
Maintenance										
Building/Grounds	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Custodial	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Recreation Department										
Director	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Summer Programs	6.0	6.0	6.0	5.0	5.0	3.0	2.0	0.0	0.0	0.0
Human Services Department										
Director	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6

**Source: Office of Human Resources and Town Budgets**

**Schedule 17**

**Town of Foster, Rhode Island  
Operating Indicators by Function/Program,  
Last Ten Fiscal Years  
Unaudited**

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police										
Calls	3,234	3,392	7,020	11,796	13,748	19,488	18,232	19,673	14,862	13,364
Physical Arrests	99	85	102	161	164	224	208	186	92	71
Citations	591	623	1,166	1,971	1,533	1,479	1,270	1,391	740	574
Accidents	125	132	134	134	129	138	133	106	109	121
Animal Control										
Dog Licenses Issued		625	483	587	479	343	439	452	509	440
Public Works (Pickup Outsourced)										
Transfer Station										
Refuse Collected (avg. tons per month)	155	188	181	176	177	164	167	157	148	144
Recyclables Collected (avg. tons per month)	37	41	39	43	48	49	44	47	40	41
Highway										
Street resurfacing/chipsealing (miles)	0.0	0.0	4.0	0.0	7.0	4.6	5.8	6.3	0.0	0.0
Street repairs/crack sealing (miles)	0.0	0.0	0.0	0.0	5.4	9.7	0.0	0.0	0.0	0.0
Building/Zoning										
Commercial Construction Permits	0	0	0	0	0	1	0	0	0	0
Residential Construction Permits	31	23	22	14	9	6	5	5	8	3
Parks and Recreation										
Athletic Field Permits	0	0	0	0	0	0	0	0	0	0

**Source: Various Town departments**

**Schedule 18**

**Town of Foster, Rhode Island  
Capital Asset Statistics by Function/Program,  
Last Ten Fiscal Years  
Unaudited**

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone Offices	-	-	-	-	-	-	-	-	-	-
Patrol Units/Motorcycles/ Radar Trailers	7	7	7	7	11	11	9	9	9	9
Animal Control										
Animal Shelters	-	-	-	-	-	-	-	-	-	-
Animal Patrol Unit	1	1	1	1	1	1	1	1	1	1
Public Works										
Transfer Station										
Roll-off Truck	-	-	-	-	-	-	-	-	-	-
Streets and Highways										
Street (miles)	113	113	113	113	113	113	113	113	113	113
Highways (miles, Town owned)	77	77	77	77	77	77	77	77	77	77
Highways (miles, State owned)	36	36	36	36	36	36	36	36	36	36
Private Paved (miles)	-	-	-	-	-	-	-	-	-	-
Park Access (miles)	-	-	-	-	-	-	-	-	-	-
Driftway (miles)	-	-	-	-	-	-	-	-	-	-
Streetlights	30	30	30	30	30	30	30	30	30	30
Traffic Signals	2	2	2	2	4	4	5	5	5	5
Parks and Recreation										
Acreage	165	165	165	165	165	165	165	165	165	165
Playgrounds	1	1	1	1	1	2	2	2	2	2
Tennis Courts	-	-	-	-	-	-	-	-	-	-
Beaches	-	-	-	-	-	-	-	-	-	-
Baseball/Softball diamonds	2	2	2	2	2	2	2	2	2	2
Soccer/Football fields	1	1	1	1	1	1	1	1	1	1
Basketball Courts	1	1	1	1	1	1	1	1	1	1
Parks and Public Squares	2	2	2	2	2	2	2	2	2	2

Sources: Various Town Departments



CERTIFIED PUBLIC ACCOUNTANTS

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***REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS***

***Independent Auditor's Report***

To the Honorable President and  
Members of the Town Council  
Town of Foster, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Foster, Rhode Island, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Foster, Rhode Island's basic financial statements, and have issued our report thereon dated December 27, 2013.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Town of Foster, Rhode Island's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Foster Rhode Island's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Foster, Rhode Island's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town of Foster, Rhode Island's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Warwick, Rhode Island  
December 27, 2013